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28 December 1984

SOUTHEAST ASIA REPORT

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AUSTRALIA

BRIEFS

EMBASSY OPENS IN ETHIOPIA--Australia has opened an embassy in the Ethiopian capital, Addis Ababa, several months earlier than planned because of the devastating famine. The charge d'affaires, Mr (Les Luck), said it has originally been planned to establish the embassy next year, but the Australian foreign minister, My Hayden, decided the date should be advanced because of the food crisis. An ambassador has yet to be named. Australia has promised \$18 million in relief supplies to aid the famine victims. The ASSOCIATED PRESS news agency says that a ship carrying 280,000 tons of Australian wheat is expected to arrive tomorrow in the Ethiopian port of (Aasab). [Excerpt] [Melbourne Overseas Service in English 0430 GMT 11 Dec 84 BK]

CSO: 4200/278

VOPB COMMENTS ON NE WIN'S EUROPEAN TRIP

BK071352 (Clandestine) Voice of the People of Burma in Burmese 0030 GMT
7 Dec 84

[Unattributed "Article": "A Foreign Trip by U Ne Win Filled With Shady Deals"]

[Text] You probably recall that "No 1"--the top leader of the military clique, left on 14 June and toured Europe for over 2 months. The people were not informed and have no knowledge of where he went, what he did, and what took place. However, among the press and diplomatic circles abroad there were rumors about U Ne Win storming out of Paris feeling slighted, taking gems out of the country secretly, and planning to buy arms.

According to reports from abroad, the top leader of the military clique went abroad this time without an invitation from any foreign government; neither was the trip for medical treatment. Hence, the propaganda machinery of the military government bluntly described it as a foreign tour of the chairman of the Burma Socialist Program Party. Among those accompanying him was a member of the Council of People's Attorneys who is not a member of the cabinet. This particular person was U Ne Win's confidant who represents his interests abroad in such institutions as the Swiss banks.

According to the reports, U Ne Win's plane was delayed at the airport because crates of gems in the plane had to be rearranged. There are varying opinions about these crates of gems. Some say they were to buy arms for the mercenary army. However, in this age, commodities are no longer exchanged for gold and gems.

There is no country where gems can be brought in without going through customs. However, there is one kind of bank in Switzerland which does not require any formalities and where anything can be kept. It is known as the Bank of Switzerland and is used by military dictators throughout the world and leaders of narcotics drug gangs. Even before he came to power it was known both at home and abroad that U Ne Win's shady property was kept there. According to diplomatic circles, U Ne Win visited Switzerland during this trip although it was not made public. How many such visits has he made?

It is common knowledge in the country that U Ne Win can do whatever he pleases at the Inya Lake Hotel Gem Emporiums. Even his wives probably do not

know how mahy gens have been presented to him on these and similar occasions. He will certainly not pocket poor quality or ordinary gens.

According to a Burnese saying, a good ruby is worth the whole country. During this last trip he did not just carry away small amounts of gens.... He flew them out by the crateful! The people would be shocked if they knew what he keeps in the bank in Switzerland. However, it is not just "No 1" who steals the country's gens; almost the entire military clique is engaged in it. It is no wonder the country is impoverished!

According to a journal published abroad, the last trip of the top leader of the military clique was funded entirely by a large West German capitalist firm, Fritz Werner. It has long been a client and patron of Burma's military clique. West Germany is second to Japan in extending loans and assistance to Burma. Fritz Werner's ties with the military clique go back to 1957 when a factory was set up in Burma to produce G-3 rifles. It was later responsible for the factory in Prome which produces G-2, G-3, and G-4 ammunition. The name of the first joint enterprise between the military government and a foreign firm, reported recently by foreign press agencies, is Burma-Fritz Werner Industries. This joint enterprise is a result of U Ne Win's trip.

The journal mentioned earlier also disclosed that arms were bought during the trip and that a shipment of arms to Burma was made 2 months ago. One thing is certain--that the trip of the top leader of the military clique, U Ne Win, is against the interests of the people of Burma. Their actions have never served the people's interests whether they are lying or keeping silent.

CSO: 4211/14

BRIEFS

SICHUAN CULTURAL TROUPE--A 40-member song and dance ensemble from Chongqing in Sichuan Province of the PRC headed by the deputy general director of the cultural bureau of Chongqing arrived in Rangoon this morning by air. The cultural troupe will give performances in Rangoon under the cultural exchange program between the two countries. [Summary] [Rangoon Domestic Service in Burmese 1330 GMT 5 Dec 84 BK]

YUNNAN SOCCER TEAM--The Yunnan provincial soccer team headed by Mr (Li Sungqi) arrived in Rangoon this afternoon by air to play friendly matches under the cultural exchange program between the PRC and Burma. [Excerpt] [Rangoon Domestic Service in Burmese 1330 GMT 5 Dec 84 BK]

NEW NIGERIAN ENVOY--An agreement has been accorded to the proposed appointment of His Excellency Rear Admiral Denson Ere Okujagu as ambassador extraordinary and plenipotentiary of the Federal Republic of Nigeria to the Socialist Republic of the Union of Burma, in succession to His Excellency Mr Theophilus Oladega Ayinla Asiwaju-Dada. [Excerpt] [Rangoon THE WORKING PEOPLE'S DAILY in English 30 Nov 84 p 1 BK]

CSO: 4200/266

CENTRAL KALIMANTAN GOVERNOR ON TRANSMIGRATION, DEVELOPMENT

Jakarta HARIAN UMUM AB in Indonesian 18 Oct 84 p 1

[Text] Jakarta, AB--President Soeharto has instructed the governor of Central Kalimantan to expand and speed up the implementation of transmigration and agricultural estates programs in that province.

The chief of state gave those instructions to Central Kalimantan governor Gatot Amrih SH [master of laws] when the governor called on him yesterday to report on the performance of his duties since his appointment to the governorship 9 months ago.

In statements to the press after meeting with the president, Gatot Amrih said that the chief of state had also instructed him to see to it that the transmigrants adjust to their new home.

During REPELITA [5-year development plan] IV, according to Gatot Amrih, Central Kalimantan will receive 126,000 new transmigrant families, which will be settled in five regencies of the province. With their arrival, the population of Central Kalimantan, which is now 1.2 million, will be increased by an additional 1 million people.

Central Kalimantan has so far received 30,000 resettled families from Java and Bali as a result of operations under REPELITA III and part of REPELITA II.

As for the development of agricultural estates, Gatot Amrih said that 3 million hectares have been made available for rubber and date palms in Central Kalimantan. Planting is now being initiated by PTP [transmigrant workers] from East and Central Java at South Barito and South Kotawaringin, respectively.

The governor also urged HPH [forest exploitation rights] businessmen to invest their capital in the estates sectors in which they have opened fields.

He also reported to the chief of state on plans for development of a land communications infrastructure to support other sectors in the framework of an area-wide viewpoint.

Construction is to begin immediately on roads from Palangkaraya to Banjarmasin, from Muara Taweh to Banjarmasin, and from Palangkaraya, Sampit and Pangkalan Bun to the West Kalimantan border. These roads will be financed by payments of about 9 billion rupiahs per year from INPRES [Presidential Instructions] highway support funds.

Up to now, communication between areas in Central Kalimantan has been by use of water transport on the area's nine rivers, which vary from .5 to 1.2 kilometer in width and from 20 to 30 meters in depth.

In support of these communications operations, oil depots are being built at four locations, namely, Kumai, Sampit, Pulau Pisau and the city of Palangkaraya.

It is hoped that the construction of these depots can be finished quickly in order to expedite availability of petroleum fuel in the province.

6942

CSO: 4213/59

HOME MINISTER ON ELECTION BUDGET, REGIONAL REVENUES

Jakarta KOMPAS in Indonesian 20 Oct 84 pp 1, 8

[Text] Jakarta, KOMPAS--The budget for the 1987 general election may be smaller than the 1982 election budget. The government is deleting several items, such as provision of vehicles and other equipment, in order to reduce the 1987 election budget.

Drs Feisal Tamin, head of the Public Relations Bureau of DEPDAGRI [Department of Home Affairs], relayed this information from MENDAGRI [Minister of Home Affairs] Supardjo Roestam in a meeting with governors from all of Indonesia in the DEPDAGRI conference room on Friday morning [19 October].

Feisal Tamin said that the MENDAGRI had asked the governors to give attention to several things related to the general national and world situation in the compilation of their regional budgets (APBD). Regarding the 1987 election budget specifically, Feisal Tamin added, the MENDAGRI reminded the governors that their regions cannot expect a budget larger than the one for the 1982 election. "No items will be larger. In fact, they may be smaller," said Feisal, quoting the MENDAGRI.

The election budget has always been managed by the DEPDAGRI. The government made available 130 billion rupiahs for the 1982 election. Those funds were provided by 16 billion rupiahs in the 1980-81 budget, 81 billion rupiahs in the 1981-82 budget, and 33 billion rupiahs in the 1982-83 budget.

Intensification of Local Revenues

In the meeting, which lasted about 2 hours, the MENDAGRI again impressed upon the governors the need to intensify revenues from their respective areas so that subsidies from the central government can be reduced. Only the Jakarta DKI [Special Capital Region] can be called a success in gathering revenues from its own area. The local revenues of the Jakarta DKI amount to 40 percent of its regional budget. Other regions are far from that mark.

In that connection, the governors complained about the cancellation of regional fees on 11 nonoil commodities, as instructed in MENDAGRI Directive Number 28/1984. That directive prohibited charges on plywood, lumber, rattan,

rubber, palm dates, coffee, shrimp, canned tuna, tuna and skipjack fish, dried cassava, and corn.

Because of that prohibition, local regional revenues, which were small before, have become even smaller. Furthermore, regional governments are prohibited from collecting charges and fees from operations that do not use regional government services. Several regions proposed that such fees be reinstated.

MENDAGRI Soepardjo Roestam understands the problem of small local revenues being faced by the regions. "This matter will be given attention and will be discussed at the cabinet level," said Feisal, quoting the MENDAGRI.

Nevertheless, he added, the government in principle cannot approve of fees that add to the burden of existing official charges. The government also cannot approve of multiple fees on nonoil-related items.

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CSO: 4213/59

LARGEST DOMESTICALLY BUILT TANKER LAUNCHED

Jakarta KOMPAS in Indonesian 15 Oct 84 p 2

[Text] Jakarta, KOMPAS--A. R. Ramly, principal director of PERTAMINA [National Oil and Natural Gas Company], on Saturday [13 October] launched the KMT [tanker motor vessel] Merbau Pertamina 37, the first domestically made large tanker of 3,500 DWT [deadweight tons]. The ship, which was built at the PT [limited company] Pelita Bahari shipyard at Tanjung Priok, is the first completed of five identical tankers ordered by PERTAMINA from domestic shipyards.

The ship took 2 years to build and cost 5 billion rupiahs. This price is 15 percent more than a vessel of the same size would have cost overseas, since 60 percent of the materials were imported. The remaining 40 percent came from domestic production, especially PT Krakatau Steel at Cilegon, West Java.

A. R. Ramly said he was quite satisfied with the ship but hoped that domestic shipyards would be able to build ships at more competitive prices.

He stated that, in its effort to expedite distribution of BBM [petroleum fuel], PERTAMINA has been building ships at national shipyards since 1973.

The first order was for freighters and tankers of 900 tons, followed by orders for six 1,500-ton tankers and five others of 3,500 tons. "With the completion of this tanker, the PERTAMINA armada has been further expanded. Up to now, PERTAMINA owned 152 tankers and 496 freighters, most of which were built abroad," he said.

PERTAMINA also is now awaiting delivery of seven 1,200-horsepower tugboats from domestic shipyards. In the near future, the armada will be augmented further by a number of tugboats of 3,000 to 3,200 horsepower, for which tenders are now being made.

Engr Hermawan Kartowisastro, principal director of PT Pelita Bahari, said that construction of the tanker is proof that domestic shipyards are now able to build big ships.

Soelarto Hadisumarto, chairman of IPERINDO [expansion unknown], added that domestic shipyards are even able to build ships of 6,000 to 10,000 tons if given the opportunity.

He said that domestic shipbuilding not only involves other business sectors but also absorbs manpower, saves foreign exchange, and affords opportunity for transferring shipbuilding technology to Indonesians.

6942

CSO: 4213/59

GOLKAR CHAIRMAN ON OTHER PARTIES, ENLISTING

Jakarta KOMPAS in Indonesian 20 Oct 84 pp 1, 12

[Text] Jakarta, KOMPAS--The Organization of Functional Groups [GOLKAR] has no desire that the political parties disband. Nevertheless, GOLKAR will continue its consistent hard work in serving the people and the state.

Sudharmono SH [master of laws], general chairman of the GOLKAR DPP [central executive council], emphasized this in a press conference on Friday night [19 October] a few moments before the closing session of the GOLKAR Leadership Conference.

The leadership conference began on 18 October and was attended by 450 people from elements of the large GOLKAR family, including regional delegates, figures from professional organizations, DPR faction leaders, and association leaders.

In answer to a press question about the concern that political parties will disband because of inability to compete with GOLKAR's momentum, the DPP general chairman declared emphatically, "GOLKAR has no such prescription."

He further stated that GOLKAR will continue to work hard. "If we work hard, why are we faulted?" he asked.

In order to allay that concern, Sudharmono suggested that the political parties work in oneness and harmony. When asked if his statement meant that the parties are not in oneness and harmony now, Sudharmono merely laughed.

Formation of Cadre

Sudharmono said the formation of cadre now being done by GOLKAR has a long-term target. GOLKAR not only wants to win in the 1987 general election but, more importantly, wants to prepare cadre for a nation oriented to Pancasila [the five basic principles of the Indonesian republic].

When asked if the enlistment of GOLKAR cadre does not violate the principle of the masses, Sudharmono said, "We have never sought members." GOLKAR is consistent in holding to the principle that its membership is an individual matter.

As the largest sociopolitical force, GOLKAR has targeted the formation of cadre totaling 5 percent of the population, or 10 percent of the adult population. As for the number of votes they will get in the 1987 election, they hope to get at least as many as they did in 1982. "If more, we will be grateful," he added.

Procedures

With regard to former political party members "jumping the fence" to join GOLKAR, Sudharmono declared that such actions would have to follow previously established procedures. Decision to accept them as members or not can be made only after they have demonstrated loyalty for 1 year.

Only those who from the beginning were known for their support for the GOLKAR banner are exempt from those procedures. They can be registered directly as GOLKAR members. Any who were involved in the G-30-S/PKI [30 September Movement/Indonesian Communist Party] must comply with the laws on political parties and GOLKAR.

6942

CSO: 4213/59

POLITICAL PARTIES WANT OPPORTUNITY TO ENLIST RURAL CADRE

Jakarta PELITA in Indonesian 20 Oct 84 pp 1, 10

[Text] Jakarta, PELITA--The Development Union Party (PPP) and the Indonesian Democracy Party (PDI) want the same opportunity as the Functional Groups (GOLKAR) to enlist cadre at the village level.

The PPP secretary general, Drs Mardinsyah, said in a conversation with reporters at the DPR [parliament] building in Jakarta on Friday [19 October] that the PPP and PDI have not received the same treatment from the government as GOLKAR.

Mardinsyah feels that opportunities given to GOLKAR should also be given to the PPP and PDI.

He noted that since there is no opposition party in Indonesia it is not right to think of the government as belonging to one party, but it is a government belonging to all of us together.

Moreover, since we all share the same responsibility and the same fate, we should receive each other and correct each other, as is appropriate for a Pancasila [the five basic principles of the Indonesian republic] democracy.

The PPP secretary general, who congratulated GOLKAR on its 20th anniversary, expressed his view that considering its years GOLKAR has indeed come of age. "GOLKAR is therefore responsible to give opportunity in the fullest meaning of the word to its younger brothers, the PPP and PDI, since they are members of the same family," he stated.

Mardinsyah said that the PPP also wants to win the 1987 general election in order to gain greater opportunity to contribute its thoughts and strength to the development of the nation. "Not just to develop party membership but to develop the nation," he emphasized.

Similarly, Drs Hardjantho Sumodisastro, chairman of the DPP [central executive council] of the PDI, not only congratulated GOLKAR on its 20th anniversary but also stated his opinion that sociopolitical forces other than GOLKAR should be able to enter the villages as a consequence of GOLKAR's current KARAKTERDES [Enlistment of Village Territorial Cadre] program.

Hardjantho also warned that KARAKTERDEK training should not destroy the national strategy agreed upon by all parties, such as by causing unrest in the villages.

Hardjantho hoped that, on the contrary, GOLKAR would set a good example for other sociopolitical forces by developing the growth of Pancasila democracy in the villages.

Hardjantho further hoped that GOLKAR would not consider other sociopolitical forces as opponents but as colleagues.

Such a position is important to GOLKAR as a great force in bringing a Pancasila society to realization.

Hardjantho judged that GOLKAR, as a majority in both the DPR and the MPR [People's Consultative Congress], has taken its role seriously by producing quality pieces of legislation.

6942

CSO: 4213/59

JAKARTA DAILIES VIEW NAHDATUL ULAMA CONGRESS

BK151130 Jakarta Domestic Service in Indonesian 2300 GMT 14 Dec 84

[Press review]

[Text] PELITA asserts that the 27th Congress of the Nahdatul Ulama [a Muslim social organization] in Situbondo has ended successfully thanks to the goodwill of all its participants and the humanistic approach sustained by sincere morality and behavior originating from the Islamic teachings and national identity inherited from our ancestors. PELITA says that the Nahdatul Ulama has clear outlook. In addition, it has also issued various important decisions concerning not only a new organizational structure but also its status--withdrawing from the practical political scene and returning to its original nature formulated in 1926. Its relations help with the United Development Party has officially been [word indistinct].

Commenting on the results of the 27th Congress of the Nahdatul Ulama, BERITA YUDHA points to the ratification of the results a meeting of Ulemas in Situbondo last year on the acceptance of Pancasila as the sole ideology of the Nahdatul Ulama. Accordingly, the daily has a reason to foresee future development for the Nahdatul Ulama. Having a considerable membership, the Nahdatul Ulama plays a not inconsiderable role in national development. According to BERITA YUDHA, the Nahdatul Ulama leadership will surely play a role in steadily enhancing the participation of its members in development. BERITA YUDHA also expresses the hope that the leadership elected from the Situbondong congress can immediately broaden and cultivate consciousness of and confidence in all the decisions of the Situbondo congress.

KOMPAS says that the 27th Congress of the Nahdatul Ulama has ended in an atmosphere of peace. Firstly, there is peace within the Nahdatul Ulama itself. Secondly, there is peace concerning relations between the social organization and the government. Intimate relations between the two sides reached their climax when the president, ministers, and other state officials were present at the opening of the congress and during the congress. Thirdly, brotherhood has developed between the organization and the people around the country. KOMPAS says that the Nahdatul Ulama has entered a new era because its work in the religious, educational, and welfare fields among the people

will be more developed with this peace. KOMPAS concludes that many people hope that under the leadership of the new head of the Nahdatul Ulama, Abdul Rakhman Wahid, and with the blessing and guidance of Nahdatul Ulama's old leaders, great advantages to the Nahdatul Ulama and the great Indonesian nation will be brought about.

CSO: 4213/80

BRIEFS

LOG EXPORT TO DISCONTINUE--The minister of forestry told a PERHUTANI Public Corporation general meeting that the government will discontinue its log export as of 1 January 1985 to enable Indonesia to produce processed timber. The ceasing of the log export will also increase job opportunities to members of the public. The move will not surprise PERHUTANI because the income of the corporation did not depend on log export only. Meanwhile, the president director of PERHUTANI reported that the corporation has projected that its income for 1984 is estimated at 96.7 billion rupiah, while its income as of October this year was recorded at 82.2 billion rupiah. PERHUTANI's target of income for 1984 is set at 90.5 billion rupiah. He said that if the projected 96.7 billion rupiah income could be realized, this will mean that the income of the corporation will show an increase of 10.65 percent of the target. In 1985 PERHUTANI is projecting its income at 108 billion rupiah. [Summary] [Jakarta Domestic Service in Indonesian 1200 GMT 13 Dec 84 BK]

CENTRAL JAVA TRANSMIGRATION--The Central Java Transmigration Department regional office has resettled 271 transmigrants from Semarang and Wonosobo to (Siburusalam) transmigration location in Aceh. [Excerpt] [Jakarta Domestic Service in Indonesian 2300 GMT 11 Dec 84 BK]

ROK FOREIGN MINISTER--The chairman of the House of Representatives and the People's Consultative Assembly [DPR-MPR], Amir Makhmud, received a courtesy call from South Korean Foreign Minister Yi Won-kyong at his office yesterday. The DPR-MPR chairman expressed the hope that Foreign Minister Yi's visit will promote relations and cooperation between the two countries' parliaments. Indonesian-South Korean cooperation was established in 1969. In 1971, the two countries established cooperation in the economic, trade, and technological fields. On the occasion, Foreign Minister Yi extended an invitation to Amir Makhmud to visit South Korea. [Text] [Jakarta Domestic Service in Indonesian 0600 GMT 16 Dec 84 BK]

FRETILIN CEASE-FIRE IN E. TIMOR--Fretilin [Revolutionary Front for an Independent East Timor] has announced in Bissau its intention to declare an unilateral cease-fire in order to allow a representative of the UN Secretary General to enter East Timor. [Text] [Lisbon Domestic Service in Portuguese 1000 GMT 3 Dec 84 LD]

OIL, GAS PRODUCTION--Indonesia will try to retain its current level of crude production of 1.6 million barrels per day. This was stated by the president director of PERTAMINA, Abdul Rakhman Ramly, in a written address on the occasion of the company's 27th anniversary on Monday [10 December]. He said PERTAMINA will also keep its natural gas production at its present level. Together with its contractors, PERTAMINA will undertake annually seismic survey along a stretch of 67,000 km and conduct drilling on 250 wells throughout the country. The company is intensifying explorations of geothermal in a bid to diversify energy sources. PERTAMINA is increasing its capacity of its oil refineries to meet domestic demand for fuel and nonfuel oil, and to export some of these products. [Excerpt] [Jakarta International Service in English 0800 GMT 11 Dec 84 BK]

INDUSTRIAL EXPORTS FORECAST--Industry Minister Hartarto has predicted that Indonesia's industrial exports in 1985 will reach \$4 billion. They are expected to increase to \$4.6 billion. The 1984 exports are estimated at \$3.4 billion, against \$2.7 billion in 1983. [Summary] [Jakarta International Service in English 0800 GMT 15 Dec 84 BK]

CSO: 4200/280

HUN SEN INTERVIEWS IN SWEDISH COMMUNIST PRESS

Pro-Soviet Party Paper

Lulea NORRSKENSFLAMMAN in Swedish 23 Nov 84 p 10

[Interview with Minister of Foreign Affairs Hun Sen by Ardeshir Jazayeri, in Stockholm; date not specified]

[Text] Hun Sen, minister of foreign affairs of the People's Republic of Kampuchea, was in Sweden at the head of a six-member delegation from 15 to 20 November. The Swedish Committee for Vietnam, Laos, and Kampuchea was his host.

Comrade Hun Sen met with both Pierre Schori, under secretary of state for foreign affairs, and Lennart Bodstrom, minister of foreign affairs.

NORRSKENSFLAMMAN had the opportunity to conduct a rather lengthy interview with comrade Hun Sen.

[Question] Can you describe the political situation in the region, using the People's Republic of Kampuchea as your starting point?

[Answer] There has been no stability in our region for 40 years. That instability has been caused by imperialism, colonialism, and expansionism. So what we are dealing with is something that was forced on the region from outside. We are talking about French colonialism, U.S. imperialism, and Chinese expansionism.

Kampuchea and the other Indochinese countries have been the main target of aggression that has no counterpart. No other nations have suffered as terribly as the Kampuchean people and the Vietnamese and Lao people. The prevailing tension and instability in the region must be attributed to the unholy alliance established between Chinese expansionism and U.S. imperialism.

Chinese expansionism uses Pol Pot and Thailand's territory for aggression and sabotage activities directed against the Kampuchean people's reconstruction work. It is also directed against Vietnam and Laos.

Thailand acts as the advance guard for imperialism and expansionism. Not only against Kampuchea but also against Laos and others. Thailand recently occupied three Lao villages.

We have issued an appeal for all foreign military forces to leave the region. And also for Thailand never to be used again as a springboard for aggression and intervention against Kampuchea and the rest of Indochina.

An overall solution to the problems in the region depends on dialogue and discussion between Indochina and ASEAN on the basis of mutual respect for each other's independence, territorial integrity, and noninterference in each other's internal affairs. Pol Pot must be eliminated both politically and militarily. Implementation of our proposals means peace, security, and stability for Kampuchea and the region.

[Question] What do you regard as the chief obstacle to a peaceful solution to the problems in the region?

[Answer] China and the United States have formed an alliance against Kampuchea and the rest of Indochina. They do not intend to stop their maneuvers aimed at destabilizing the situation in the region. As long as China pursues its expansion in the direction of Southeast Asia and as long as Pol Pot and Thailand are allowed to continue their attacks on Kampuchea, they will constitute the chief obstacles to a peaceful solution. U.S. imperialism is using the China card against Kampuchea, Vietnam, and Laos. The United States is continuing its military presence in the Philippines and elsewhere.

The United States and China are pursuing a policy based on controlling Thailand. If the problems are to be solved, it will be necessary to put a stop to the interference in Indochina by China and the United States. There must be dialogue between Indochina and ASEAN.

[Question] Would you like to tell us about the proposals by Kampuchea and the other Indochinese countries for a peaceful solution to the existing problems?

[Answer] I have already stated the essentials. We say that proposals by both sides can form the basis for dialogue. At the same time, we hope that China will improve its relations with Indochina. A normalization of relations between China and Indochina based on the principles for peaceful coexistence would be an extremely important factor in connection with peace and stability in Southeast Asia. Kampuchea and the rest of Indochina are doing their utmost to achieve that goal.

Thailand should endeavor to make the border between Thailand and Kampuchea a peaceful and friendly one. We accept a security zone between our countries under international supervision and with consent by both sides.

[Question] The United Nations still recognizes so-called Democratic Kampuchea as the representative of the Kampuchean people. Do you want to comment on that?

[Answer] It is a poor precedent that has been set by the world organization. It means a loss of prestige for the UNO. Recognizing Pol Pot is the same as ignoring the 3 million Kampucheans who perished and those who survived that genocide. At the same time, it is a violation of the UN Declaration and a case of interference in a sovereign country's internal affairs.

We regard the whole thing as a maneuver by the United States and China. So the Kampuchean people are not at all surprised. Our victory does not depend on that, but on the struggle and efforts of the Kampuchean people.

[Question] There have been terrible floods in Kampuchea this year, with disastrous crop damage and crop losses as a result. How is the food situation now?

[Answer] The year 1984 is one in which the weather has not been friendly to agriculture in Kampuchea. A great many regions have been hit by floods, while drought has hit several other regions. The flooding has not been this terrible for almost 40 years. The rice shortage is certain to total several hundred thousand tons. We need international help. We cannot replace the crops that have been destroyed. But we are doing our best. Natural disasters mean difficulties in food production. But the situation will not be like it was in 1979 and 1980, when the country was experiencing unprecedented suffering in the wake of the Pol Pot years.

[Question] Can you describe relations between the People's Republic of Kampuchea and the other socialist countries, including Vietnam?

[Answer] In our foreign policy, we practice something called "special relations" with Vietnam and Laos. We call those relations "special" because of our common history. Historically, we have had common enemies. Our relations within Indochina are developing very well from every point of view.

We have exceptionally good and fraternal relations with the other socialist countries, with the Soviet Union in the lead. Those relations are being developed in the areas of technology, education, science, culture, and so on.

[Question] We know that you have traveled a great deal and visited many countries this year. Can you say something about Kampuchea's international position?

[Answer] That's right. Our prestige has increased in recent years, especially during 1984. New levels have been reached. Realization of the justice of our cause has increased. Our relations, especially with some African countries, are improving--they are moving ahead. All those steps forward mean that the People's Republic of Kampuchea is participating actively in the preservation of peace in the world and in the struggle for social progress and national independence all over the world.

[Question] Sweden has not yet recognized the People's Republic of Kampuchea. What comment would you like to make about that?

[Answer] Even though Sweden does not yet recognize the People's Republic of Kampuchea, we are of the opinion that the country's position has a positive aspect. To make that clear, I must also explain what I mean by "positive aspect": Sweden has condemned Pol Pot and does not recognize the Pol Pot-dominated so-called Democratic Kampuchea.

We receive Swedish humanitarian aid. I have met with Pierre Schori, under secretary of state for foreign affairs. (This interview took place the day before the meeting with Minister of Foreign Affairs Lennart Bodstrom.) My talks with Pierre Schori resulted in a promise of more humanitarian aid and government contact--including informal contact. We appreciate the fact that the Swedish Government gave us authorization to open an information office.

[Question] Kampuchea's friends in Sweden say that the information office in Stockholm fulfills an important function. Will new representatives be arriving soon?

[Answer] We have not closed the office permanently. We are safeguarding our right to have an information office in Stockholm. Sweden is authorizing us to continue the activity. New representatives will be installed in the near future.

[Question] As a representative of the People's Republic of Kampuchea, do you have a message for the Swedish people?

[Answer] The main reason for my visit is to strengthen the ties of friendship and solidarity between the Swedish and Kampuchean peoples. During my visit, I have had the opportunity to convey our government's and our people's thanks to the Swedish people for their aid in our struggle against imperialism and Pol Pot's regime of genocide.

The help we received after the Pol Pot era, when we were experiencing great difficulties, is something we regard as very valuable. The hearty intention of the Kampucheans is to be true friends of the Swedish people.

Euro-Communist Party Paper

Stockholm NY DAG in Swedish 22 Nov 84 p 19

[Interview with Minister of Foreign Affairs Hun Sen by Lars Vikstrom; date and place not specified]

[Text] "If peace is to be achieved in Southeast Asia, all foreign troops must be withdrawn from the region. Outside powers must stop their interference and allow the nations in the region to decide their own future." That is what NY DAG was told by Kampuchea's minister of foreign affairs, Hun Sen.

Hun Sen visited Stockholm to broaden the ties of friendship between the two countries. Among other things, he met with

Minister of Foreign Affairs Lennart Bodstrom and with Pierre Schori, under secretary of state for foreign affairs. Following his visit to Sweden, he will visit Moscow and Paris.

Hun Sen is deputy prime minister as well as minister of foreign affairs. For someone who is only 33 years old, that is a heavy burden to bear, and he has borne it since 1979. His hard exterior reminds one of his guerrilla background, while at the same time, there is in his eyes something sorrowful and sad, giving the impression that he bears all of Kampuchea's fate--the legacy of Pol Pot's genocide--on his shoulders. NY DAG spent an hour with Hun Sen.

NY DAG: The Swedish Government's ambassador to the United Nations, Anders Fermi, said the following about Kampuchea at the United Nations: "The essential elements for a complete solution to the conflict in Kampuchea are: the right for Kampuchea's people to freely choose their political system and their leaders and a commitment by all states in the region not to interfere in Kampuchea's internal affairs.... The occupation of Kampuchea by Vietnamese forces can therefore never be tolerated. Under current conditions, no government can be regarded as the Kampuchean people's legitimate spokesman." What is your comment on that?

Hun Sen: We already knew about and understood the Swedish Government's attitude. We know that Sweden does not recognize Norodom Sihanouk's coalition government and does not recognize our government in Phnom Penh, but we also know that it has condemned Pol Pot's terrible crime against humanity.

The Swedish stand in the United Nations is the opposite of our position. Our stand on the right of self-determination is as follows: the most important right for our people has been to defeat Pol Pot, drive him out of the country, make sure that he does not come back, and thereby guarantee themselves the right to live. As a result, free elections cannot be held with participation by a criminal like Pol Pot. If they were, we would be going against the Kampuchean people's will. It is not possible to ensure happiness for the Kampuchean people until Pol Pot has been destroyed politically and militarily. Our goal is to do that, and at the same time, we want to reach a compromise with the other factions if they are willing to distance themselves from Pol Pot and participate in the struggle against Pol Pot's forces.

NY DAG: Not long ago you appealed for disaster assistance. What was the reason for that, and what was the reaction?

Hun Sen: Nature has ruined our crops very badly this year. There were floods along the rivers and drought in the outer regions. So we asked for help. Several socialist countries and international organizations helped out. I also discussed the matter with Pierre Schori, who said that there were no political obstacles to such help. Even though there was no promise as to the amount we would receive, I see his answer as a good sign.

NY DAG: Putting it briefly, how does the country's economic situation look today?

Hun Sen: Kampuchea has already overcome the problems and difficulties we had. The most critical period for us was in 1979 and 1980, when we took over from the destruction that had struck the country under Pol Pot. Since then, our people have not suffered famine. We have assigned the highest priority to agricultural programs. But despite that, we have also been forced to invest in other areas such as industry and crafts. We are still having problems because the devastation left by Pol Pot was tremendous. We have not been able to build up an effective economy in these 5 years. We suffer from a lack of raw materials and manpower. At the same time, our enemies are blocking and preventing development. A large share of our budget goes for military purposes. But we have no choice.

NY DAG: What percentage of the budget goes to the military?

Hun Sen: Unfortunately, I cannot comment on that, but we have spent a great deal. Spending will decline as soon as imperialism and our external enemies stop their terror and the use of Pol Pot against Kampuchea.

NY DAG: Vietnamese troops are still in Kampuchea. How many of them are there today?

Hun Sen: Unfortunately, I cannot state the number, but we have enough to stand up to external aggression. If you look at the forces of our opponents, you can get an idea of the size of our own. If the fish is big, you have to use a big net, but if the fish is small, it would be stupid to do so.

NY DAG: A figure of 100,000 has been mentioned. Are there more than that?

Hun Sen: From 1979 until now, figures of 100,000, 160,000, and 180,000 have been mentioned. We wouldn't have room for 100,000 in Kampuchea. Vietnam has already withdrawn troops on three occasions. Next year there will be a fourth troop withdrawal.

NY DAG: About a month ago, the United Nations adopted a new resolution on Kampuchea with more support than before. Sihanouk regarded the resolution as a victory. What is your comment on that resolution?

Hun Sen: We don't feel that we are affected in any way. Since 1979 we have regarded those resolutions as interference in Kampuchea's internal affairs. This particular resolution means only that they want to reinstall Pol Pot in Kampuchea. That's all. It is correct that Sihanouk regarded the resolution as a victory. But from the first to the sixth year, we have said: "Sihanouk and his clique." The United Nations cannot decide the future and fate of any country--they are decided by the country's internal factors. It is true that we have not had any success in the United Nations, but we control all of our country's territory.

NY DAG: How does the future look for Kampuchea? Where are you now in the process of negotiating for peace? How have things progressed with the international conference that has been planned?

Hun Sen: We previously put forward a proposal for arranging an international conference on Southeast Asia with participation by the countries in Indochina, the ASEAN countries, and the five permanent members of the UN Security Council. The important thing is that we want to have an exchange between those two groups of countries on the basis of equality, mutual respect, and concern for the interests of each side. Through previous negotiations, we have reached agreement that Vietnam will represent the countries in Indochina and Indonesia will represent the ASEAN countries. The Indochinese countries have since proposed that the two groups should form the basis for negotiations. That proposal now has the support of both sides.

NY DAG: If such a conference takes place, what would your proposal be as far as Kampuchea is concerned?

Hun Sen: It is important that the talks not be concerned with Kampuchea. That is something for Kampuchea's people to settle. But the solution to Southeast Asia's problems is also related to Kampuchea. The purpose of such a conference must be to smooth out antagonisms so as to achieve peace and security for our region.

NY DAG: What are the conditions for peace in Southeast Asia?

Hun Sen: We have worked out an appeal to be the basis of a joint resolution. It is based on the withdrawal of all foreign troops from Southeast Asia and a halt to interference in the region by outside powers, with the nations in the region being allowed to decide their own future. Those are the most important conditions for peace and security in the region.

11798

CSO: 3650/63

JOURNALIST SAMPLES PUBLIC OPINION ON VIETNAMESE PRESENCE

Stockholm SVENSKA DAGBLADET in Swedish 17 Nov 84 p 5

[Article by Tom Hansson]

[Text] Almost 6 years have passed since Vietnamese forces overthrew the Khmer Rouge regime in Kampuchea in December 1978. The acute phase of the famine disaster is over, but the regime is still grappling with difficult food problems and with military pressure from guerrillas in the western parts of the country. SVENSKA DAGBLADET visited Kampuchea and will describe the situation in the country in a series of reports.

Phnom Penh--A color portrait of President Heng Samrin gazes down at visitors in the office of Children's Home No 1 in Phnom Penh. It is flanked by the equally compulsory portrait of Vietnamese revolutionary hero Ho Chi Minh.

The same portraits appear in all official institutions, ministries, schools, and so on in the Kampuchean capital. They are a manifestation of what is officially called the historical friendship between the Kampuchean and Vietnamese peoples.

"No, it is not good that the Vietnamese are here. But if the alternative is a return to Pol Pot, this is to be preferred. Now we are at least allowed to live."

Lor San, 27, is a teacher in a school in Phnom Penh. Out of his family of 13, the only ones alive today besides himself are a brother and a sister. The others were executed or starved to death under the Khmer Rouge regime.

He says: "It is the memory of that that keeps me here. As long as things are moving in the right direction, I am willing to work for the regime. But the Vietnamese must not stay too long. This is our country, not theirs."

Copy of Vietnam

Nearly 6 years after the Vietnamese forces marched in, however, there is nothing to indicate that Vietnam is willing to hand over control completely to Heng

Samrin's government. And what was supposed to have been quick action to "help Kampuchea's people" is developing into something more permanent.

One foreign observer in Phnom Penh says: "It is not so much a question of the presence of Vietnamese military forces. What is at issue is all of the civilian reconstruction of society, which is developing more and more into an exact copy of Vietnamese society."

Cooperation with Vietnam has been strengthened over the past year through a number of bilateral agreements. Besides an overall agreement on military cooperation that took effect in December 1982, there are agreements on economic cooperation, the exchange of goods, and the training of cadres. A new series of cooperation agreements covering several areas were signed in April 1983.

Quite a number of agreements have also been signed with other socialist countries. The most important is one with the Soviet Union dated 4 February 1983. It provides the framework for trade between the two countries during the period from 1983 to 1985. The agreement resembles the one between Vietnam and the Soviet Union in the same areas.

Little Contact With West

Contacts with Western countries occur very rarely. In October of this year, the UN General Assembly voted again to allow Democratic Kampuchea's coalition government (the three-sided coalition combating the government in Phnom Penh) to occupy the country's seat at the United Nations. Later in October, another resolution was adopted (with 110 votes in favor, 22 opposed, and 18 abstaining) calling for a Vietnamese withdrawal from Kampuchea.

A spokesman for the Ministry of Foreign Affairs in Phnom Penh says: "Naturally, we protested the UN decision, but at the same time, we are convinced that recognition will come eventually. Several nonsocialist countries--including countries in West Europe--have given us signals that they are willing. But we realize that they must delay recognition."

But there is very little to indicate that such recognition will be forthcoming in the next few years. The civilian administration is still very fragile, and several ministries--chiefly the Ministries of Health and Agriculture--have, if anything, grown weaker over the past year.

Powerless Leadership

Added to that is the absence of strong leadership. President Heng Samrin is considered a weak force politically, and at his public appearances, several ministers have openly shown their lack of interest in what the country's president has to say, according to Western observers.

Regarded as being among the government's more capable men are Minister of Foreign Affairs Hun Sen and Minister of Defense Bou Thong. Their number also includes Minister of Education Pen Navuth, whose ministry is considered the most effective in the country.

In the biggest cabinet reshuffle to date (at the start of 1982), Pen Sovan, then prime minister and secretary general of the Kampuchean People's Revolutionary Party, disappeared. The official explanation was poor health. But it is assumed that the Vietnamese-speaking Pen Sovan was removed by the Vietnamese because of his excessively close contacts with the Soviet Union, and it is reported that he is still in Hanoi.

A source in Phnom Penh says: "There are many indications, however, that Pen Sovan is ready to come back. But it is not clear whether he will return to a ministerial post."

Training in Vietnam

At the same time, ministers and lower officials are continuing to undergo regular political training in Vietnam. For the more important people, that training takes place in Hanoi. For others, there is the Nguyen Ai Quoc Institute outside Ho Chi Minh City in southern Vietnam. Approximately 200 students at a time go there for a 3-month political course.

The Kampuchean regime says it now controls the entire country. Guerrilla attacks are said to occur only in the western parts of the country along the border with Thailand.

Even so, inhabitants of the country's 20 provinces are urged to fortify their villages with strong fences, cut down forested areas along the main roads, and help guard bridges and other strategic points. The work of fortifying the villages is obvious even in the vicinity of Phnom Penh.

During a visit by SVENSKA DAGBLADET to Kompong Chnang Province--3 hours north of Phnom Penh by automobile--it was reported that guerrilla attacks in the Boribou District had left a considerable number of wounded soldiers and civilians. The authorities denied that any attack had taken place, despite a remarkably sudden mobilization of government troops in the area.

Travel Difficult

The regime's talk about total control also does not jibe with reports of attacks even in Phnom Penh's neighboring provinces. Nor does it jibe with the restrictions placed on visiting reporters and international aid organizations when it comes to the possibility of traveling around the country.

A representative of one of the international aid organizations in Phnom Penh says: "Until the middle of 1982, we could move about relatively freely. Now it is very difficult for us to get permission to travel outside Phnom Penh."

The official reason for the difficulty in obtaining permission to travel is the poor condition of the roads due to flooding, the shortage of vehicles and gasoline, and so on.

But despite a tense military situation and despite increasingly open discontent with the Vietnamese presence--phenomena attested to by people who have lived in

the country a long time--it is difficult to detect any desire for a military victory by the opposition forces.

One young soldier in the government army says: "We do not want to be liberated again. We are tired of being liberated. All we want is to be left in peace and finally allowed to build up this country."

11798

CSO: 3650/63

BRIEFS

RED CROSS AID--Phnom Penh, 4 Dec (SPK)--At the beginning of November, the Kampuchean Red Cross distributed 150 metric tons of rice to 3,000 families in Kompong Thom Province, about 150 km north of Phnom Penh. This rice was aid from the UN High Commissioner for Refugees. [Text] [Phnom Penh SPK in French 1122 GMT 4 Dec 84 BK]

WFTU LECTURERS DEPART--Phnom Penh, 4 Dec (SPK)--A group of WFTU lecturers left Phnom Penh yesterday after ending its 2-week visit to Kampuchea. The delegation was seen off by Duong Savang, permanent member of the Kampuchean Federation of Trade Unions. [Excerpt] [Phnom Penh SPK in French 1134 GMT 4 Dec 84 BK]

SYMPATHIES EXPRESSED OVER STORM--Phnom Penh, 4 Dec (SPK)--In a message to W. Jaruzelski, first secretary of the Polish United Workers Party Central Committee and chairman of the Council of Ministers of the Polish People's Republic, Chan Si, Chairman of the PRK Council of Ministers, expressed deep sympathy at the news about the losses in property and human lives caused to the Polish people by a recent storm. On behalf of the PRK Government and of the Kampuchean people and in my own name, stressed Chan Si, who is also Political Bureau member of the KPRP Central Committee, I sincerely express my greatest compassion to the bereaved Polish population. [Text] [Phnom Penh SPK in French 0432 GMT 4 Dec 84 BK]

SOVIET JOURNALISTS ARRIVE--Phnom Penh, 30 Nov (SPK)--A delegation from the Union of Journalists of the Soviet Union arrived Thursday in Phnom Penh for an official visit to Kampuchea. The delegation, led by Dzhumaliyevich Tursunov, member of the Central Committee of the Communist Party of Kirgizia, member of the Supreme Soviet of the Socialist Soviet Republic of Kirgizia, editor of the paper SOVIETSKAYA KIRGIZIA, and secretary of the Union of Soviet Journalists, was agreed upon its arrival by Pen Panhna, deputy editor of the paper KAMPUCHEA. [Text] [Phnom Penh SPK in French 0503 GMT 30 Nov 84 BK]

JOURNALISTS DEPART FOR CSSR--Phnom Penh, 1 Dec (SPK)--A group of Kampuchean journalists left Phnom Penh on Thursday for a conference on peace in Asia and the Pacific in Czechoslovakia. The group is led by Khieu Kanharith, general secretary of the Association of Kampuchean Journalists and editor of the weekly KAMPUCHEA. [Text] [Phnom Penh SPK in French 0453 GMT 1 Dec 84 BK]

SWEDISH GOVERNMENT ASSISTANCE--Phnom Penh, 3 Dec (SPK)--The Government of the Kingdom of Sweden decided on 29 November to transfer 12 million kronor to the funds of the international assistance program to the PRK. This money will be used for agricultural and public health projects, in particular for safeguarding Kampuchean children's health and for purchasing cereals. [Text] [Phnom Penh SPK in French 0420 GMT 3 Dec 84 BK]

CSO: 4219/17

PASASON CRITICIZES THAILAND'S ATHIT, MILITARY

BK061114 Vientiane KPL in English 0921 GMT 6 Dec 84

["Commentary: PASASON on Power Scramble in Thai Politics"--KPL headline]

[Text] Vientiane, 6 Dec (KPL)--The daily PASASON today comments on the Thai Commander-in-Chief Athit Kamlang-ek's ambitious scramble for power as a cause of the chaotic social and political situation in Thailand. It said that the power struggle also found its expression in the recent aggression and occupation of the three Lao border hamlets of Kang, Mai and Savang in Sayaboury Province ordered by the Thai military in the hope of improving their public image.

However, the paper pointed out, the recent proposal put forth by Thai politicians and other public figures urging for the removal of A. Kamlang-ek and his gang from military post was a clear indicator of their discontent with the military.

It said: The defeat suffered by Thai troops in their aggression against the three Lao border hamlets has served as a bitter lesson for the Thai military, and given a stain to Thailand's prestige in the international arena. The Thai mass-media have exposed the real aim of A. Kamlang-ek's recent trip abroad, which was nothing other than asking for more military supplies and instructions. He came to the U.S.A. and Australia for military hardwares, and to China, as revealed by the LAKTHAI magazine in its 3 November issue, for an aggressive plan against Thailand's neighbours.

The paper continued: To maintain his power and save his face from the shameful defeat at the three Lao border hamlets, A. Kamlang-ek has strongly criticized the government of Prem Tinsulanon for the recent devaluation of the baht (Thai currency). But, his attitude has only increased public discontents with him.

It is very amusing to note that a man, who has always claimed to serve the welfare of the people, is being regarded by the latter as an unwanted one. The Lao and Thai peoples should be on the alert against any vicious move that may be taken by this stubborn man cornered by public hatred, the paper concludes.

PASASON ON ECONOMIC MECHANISM REORGANIZATION

BK041115 Vientiane KPL in English 0950 GMT 4 Dec 84

[Text] Vientiane, 4 Dec (KPL)--It is necessary to reorganise the administrative and economic mechanism at the level of hamlets and districts in order to improve their efficiency and productivity wrote PASASON in its editorial today.

In the urgent process division [as received] of responsibility between the central and local level, the paper said, we should consider hamlets and cooperatives with a minimum of 30 inhabitants each as the lowest unit of the society. Each of these hamlets and cooperatives should have its own administrative, defence and economic organs, and agricultural, trade and (?credit) cooperatives. The village, according to the paper, which just has an intermediate role, in principle does not play any decisive role in the (?process).

As far as the district is concerned, the paper said it has to play a major role and should have its own budget, trade, and transport enterprises, agricultural machineries, and seeds station. The district has to conclude contracts with hamlets and cooperatives in providing consumer goods and production tools and in the purchase of agricultural and other products from the hamlets and cooperatives. The district has also to provide seeds, pesticide, fertilizer and facilities to the hamlets in the building of irrigation projects and roads. The district also has to help the hamlets and cooperatives in the short-term training of cadres, and as for the long-term training, it has to rely on the province for facilities, the paper concluded.

CSO: 4200/261

KHAMTAI SIPHANDON GREETS CUBA'S RAUL CASTRO

BK041153 Vientiane KPL in English 0941 GMT 4 Dec 84

[Text] Vientiane, 4 Dec (KPL)--General Khantai Siphandon, minister of national defence, of the Lao PDR, on 2 December, sent a telegram of greetings to General Raul Castro Ruz, minister of the Cuban Revolutionary Armed Forces, in commemoration of their 28th anniversary.

In the past 28 years, General K. Siphandon said the Revolutionary Armed Forces of the Republic of Cuba, under the clear-sighted leadership of the CCP [Communist Party of Cuba], have foiled all foolish and aggressive acts of imperialism headed by the U.S. imperialists, and accomplished their internationalist duty and hence enhancing their strength and their modernization process. At present, the Lao defence minister continued, the Cuban Revolutionary Armed Forces promoting their victorious tradition of struggle, have grown stronger, and together with the entire Cuban people, are constantly defending the revolutionary gains of Cuba, a vanguard post of socialism in the Western Hemisphere.

"The Lao People's Army is very satisfied and proud to observe the continual growth and the spirit of heroic struggle and socialist internationalism of the fraternal Cuban Revolutionary Armed Forces in their national defence and construction who are upholding the banner of socialism in the Western Hemisphere," General Khantai Siphandon stressed.

The defence minister of the Lao PDR concluded his greeting message by sincerely wishing the Cuban Revolutionary Armed Forces new and greater successes in implementing their assignments.

CSO: 4200/261

COMMITTEE PROVIDES AID TO PAKLAI RETURNEES

BK041131 Vientiane KPL in English 0948 GMT 4 Dec 84

[Text] Vientiane, 4 Dec (KPL)--Two hundred inhabitants of the Lao hamlets of Kang, Mai and Savang, who fled from Thai oppression at Thong Khi Ma Camp, were recently provided with aid by the National Committee for Security and War Veterans.

The aid, which is worth 150,000 kips, consists of consumer goods and household utensils.

These returnees are among the more than 1,000 local Lao inhabitants who were forced at gunpoint to take refuge on Thai soil during the Thai troops aggression and occupation of the three Lao hamlets in Sayaboury Province.

At a ceremony for handing over the aid, the returnees condemned Thai criminal actions and demanded that Thailand put an immediate end to its hostile attitude toward the Lao people. They strongly urged for the release of all abducted Lao people, for compensation of the damage caused by Thai troops, and respect of the Lao sovereignty over the three Lao hamlets.

CSO: 4200/261

LEADERS RECEIVE MORE NATIONAL DAY GREETINGS

BK071534 Vientiane KPL in English 0921 GMT 7 Dec 84

[Text] Vientiane, 7 Dec (KPL)--Kaysone Phomvihan, general secretary of the Lao People's Revolutionary Party CC and chairman of the Lao People's Democratic Republic, and Souphanouvong, president of the LPDR, on the occasion of the 9th founding anniversary of the LPDR, received messages of greetings from party and state leaders of other countries all over the world.

Babrak Karmal, general secretary of the People's Democratic Party of Afghanistan and president of the Revolutionary Council of the Democratic Republic of Afghanistan, and Soltan Ali Keshtmand, chairman of the Council of Ministers of the DRA, expressed in their joint message their conviction that the peoples of the LPDR, under the leadership of the LPDR [as received], would successfully carry out the tasks of national defence and construction for the safeguarding of their national independence, sovereignty and territorial integrity. They also wished for the strengthening of the friendly relations and cooperation between the parties, governments and peoples of Laos and Afghanistan.

Kim Il-song, general secretary of the Workers [Party of the Democratic People's] Republic of Korea, and president of the Democratic People's Republic of Korea conveyed his congratulations to the leaders and the people of Laos. The Lao people, the message said, have overcome obstacles of all kinds and obtained successes in defending their national independence and revolutionary gains and rebuild their nation.

The Korean leader then wished the Lao people new and greater successes in the implementation of the first five-year plan and wished for the consolidation of friendly relations and cooperation between the peoples of Laos and DPRK.

The Lao leaders have also received greetings from Giani Zail Singh, and Rajiv Gandhi, respectively president and prime minister of India; U San Yu and U Maung Maung Kha, president and prime minister of the Socialist Republic of the Union of Burma; Suharto, president of the Republic of Indonesia; His Majesty Sultan Iskandar, and Datuk Sri Dr. Mahathir Mohamed, king and prime minister of Malaysia; Veselin Djuranovic, president of the Socialist Federal Republic of Yugoslavia; Saddam Husayn, president of the Republic of Iraq;

Li Xiannian and Zhao Ziyang, president and prime minister of the People's Republic of China; His Majesty Phumiphon Adunyadet and Prem Tinsulanon, king and prime minister of the Kingdom of Thailand; C. V. Devan Nair, president of the Republic of Singapore; Lt-Gen Hussain Mohammad Ershad, president of the People's Republic of Bangladesh; and Ziaul Haq, president of the Islamic Republic of Pakistan.

Phoun Sipaseut, vice-chairman of the Council of Ministers and minister of foreign affairs, has also received greetings from the foreign ministers of India, Burma, Indonesia, Malaysia, Thailand and Mexico.

CSO: 4200/261

BRIEFS

RESISTANCE FORCES ATTACK VIETNAMESE BASES--Lao resistance forces attacked Vietnamese bases in Samana and Phatong villages in Laos on Thursday [29 November] afternoon. Observers at Sangkhom village in Nong Khai said they saw big fires on the opposite side of the Mekong River during the fighting. Laotian refugees said the resistance forces were attacking Vietnamese troops which had been sent to Laos. Meanwhile, an armed Vietnamese soldier identified as (Hua Van Kha), aged 20, of Vietnam's 176th Division, fled across the Mekong River into Bung Kan District of Thailand's Nong Khai Province. [Text] [Bangkok Voice of Free Asia in English 1030 GMT 3 Dec 84 BK]

AGREEMENT WITH VIETNAMESE PROVINCE--Vientiane, 8 Dec (OANA-KPL)--The Lao Houa Phan Province and its Vietnamese sister province of Thanh Hoa recently signed an agreement on the next year economic, scientific, technical and cultural cooperation. The agreement was signed on the occasion of the visit to the Lao northern province of Houa Phan from 20 November to 5 December by [the delegation of Thanh Hoa Province]. The signatories were Sai-Onavong, member of the LRRP CC, secretary of the Houa Phan Party Committee, and Hoang Trong Hao, alternate member of the CPV CC, secretary of the Thanh Hoa Party Committee. At the talks the two sides revised the cooperation in the last years having in mind to expand the all-round cooperation between the two provinces in 1985. Emphasis was centered especially on the construction of economic, industrial, educational, cultural and medical bases basing on the idea of strengthening of the fraternal friendship, special combative solidarity and cooperation between the two countries. [Text] [Vientiane KPL in English 0915 GMT 8 Dec 84 BK]

SRV-BUILT PASSENGER BOAT--Vientiane, 7 December (OANA-KPL)--The first 120-seat passenger boat built by Vietnamese technicians was officially handed over to the River Transport Company on Wednesday. This 26.4 x 4.36-m boat equipped with a 56-hp engine is at present in a trial operation. The second boat of its kind also built by Vietnamese technicians is seventy percent completed. The Socialist Republic of Vietnam has actively assisted the Lao PDR in the construction of various types of river boats. Thanks to their assistance, the transport of passengers and freight along the Mekong River has been gradually improved. The hand-over ceremony was attended by first deputy-minister of transport and post Bouasy Lovanzay, and economic counselor of the Vietnamese Embassy to Laos Dam Xuan Dung. [Text] [Vientiane KPL in English 0959 GMT 7 Dec 84 BK]

TRADE UNION DELEGATION TO MOSCOW--Vientiane, 7 Dec (OANA-KPL)--A Lao Federation of Trade Union's Delegation led by President Thitsoi Sombatdouang, who is also alternate member of the LPRP CC, left here yesterday for Moscow. The Lao delegation is to attend the conference of the heads of the trade union organisations of the socialist countries scheduled to be held in Moscow from 7 to 8 December. Seeing the delegation off at Wattai Airport were Phetsamon Lasasamma, member of the Party CC, vice-president of the Lao Women's Union and D. Khalioulline [name as received], counsellor at the Soviet Embassy to Laos. [Text] [Vientiane KPL in English 0957 GMT 7 Dec 84 BK]

JUSTICE DELEGATION RETURNS--Vientiane, 5 Dec (KPL)--The Lao Minister of Justice Kou Souvannamethi, led his delegation back here yesterday from a visit to Cuba. The delegation had attended the 8th conference of justice ministers of the socialist countries held in Havana from 20-23 November. The conferees discussed cooperation in juridical affairs among socialist countries. [Text] [Vientiane KPL in English 0927 GMT 5 Dec 84 BK]

AID FROM VATICAN--Vientiane, 5 Dec (KPL)--Representatives of the Vatican recently handed here a van, 5,000 blankets and 2,000 mosquito nets as aid to the Lao National Committee for Security and War Veterans. They have also handed 48,800 U.S. dollars worth of medical equipment to the Lao Ministry of Health. [Text] [Vientiane KPL in English 0928 GMT 5 Dec 84 BK]

CSO: 4200/261

RADIO VERITAS EDITORIAL ON HUMAN RIGHTS DAY

HK101030 Manila Radio Veritas in Tagalog 0900 GMT 10 Dec 84

[Station editorial—in English]

[Text] Thirty-six years ago the United Nations adopted the universal declaration of human rights which spelled out the norms for the promotion and respect of human rights all over the world. The Philippines being one of its members and signatory to its various international covenants, joins the world in celebrating this day but with a sad tone, for human rights in our country have not been really respected at all. It has been grossly violated by the very people on whom we placed our full trust and support. Every day we see or hear stories that reflect this wanton disregard for our human rights: families being forced to evacuate, villages being burned, picketers being injured, mediamen being harassed and killed, demonstrators being truncheoned and gassed and many others, all being carried not by our so-called protectors, men whose natural mission is to keep peace and order among men.

The deterioration of respect for human rights in our country began with the imposition of martial law. By its very nature, martial law does not respect human rights, as proven by the various reports of fact-finding missions conducted by several organizations committed to the promotion of respect for human rights. Between its imposition in 1971 [as heard] and its supposed lifting in 1981, no less than 70,000 persons were arrested and detained. To this day, the Marcos regime continues to respond to the people's protests and resistance with increased use of the armed forces that has led to militarization, especially in the countryside. The president's decree-making powers has likewise led to the creation of various laws that violate our basic human rights as supposedly free people. Thus today, 10 December, 1984, signifying the day when our country adopted this universal declaration, we remember our courageous countrymen who have died in the hands of the military and those who are still suffering at present in some isolated, subhuman prison cell. We should bear in mind that we need to keep the torch burning. We need to go on struggling and fighting for the attainment of a truly free nation. A nation where man is given foremost importance while his rights as a human being are respected by one and all.

CSO: 4211/13

GNP SLUMPS 5.2 PERCENT THIS YEAR

Planning Minister's Report

HK100217 Manila BULLETIN TODAY in English 9 Dec 84 p 21

[Text] Economic Planning Minister Vicente B. Valdepenas, Jr., disclosed yesterday that the economy registered a negative growth rate of 5.16 percent during the first nine months of 1984, probably the worst economic performance in the last 20 years.

He predicted that the gross national product (GNP) would post an average decline of between 5.2 and 5.5 percent for the whole year because of the prevailing economic difficulties.

Foreign exchange shortage, the debt crisis, and natural calamities in the domestic front combined to depress business and other economic activities during the period.

However, he said that a turnaround in the country's GNP is expected next year with 1.2 percent projected growth rate.

Based on the updated plan (1985 to 1987), GNP will further grow by three percent in 1986, four percent in 1987, and in 1988 with the same pace of activity at about 5 percent, he said.

The GNP, the total amount of production of goods and services, at the end of June this year recorded a negative growth of 5.4 percent in real terms, the biggest drop in the country's economic growth rate.

The sharp decline in GNP was traced to the 7.85 percent decline in the production of industrial sector during the first nine months of this year. Mining sector had a negative growth of 28.77 percent; services, 2.6 percent; and utilities, 4.66 percent drop. But agriculture notched a growth rate of 1.6 percent, Valdepenas said.

Valdepenas said that in view of the extreme vulnerability of the Philippine economy to external factors, the updated development plan (1985-1987) emphasized the need to rely more on local resources to achieve growth and equity objectives.

Speaking before participants to the 21st annual meeting of the Philippine Economic Society (PES) at the Philippine International Convention Center, Valdepenas said that reliance on foreign borrowing will be progressively reduced from more than eight percent of GNP in 1982 to only one percent of GNP by 1987.

With the population growing at 2.4 percent a year, the development plan stressed the urgency of achieving efficiency in resource allocation and advances in agriculture productivity and all other sectors of the economy.

Valdepenas said that about 1.3 million Filipinos are added every year to the population that need to be fed.

He said that the key to the simultaneous achievement of economic and population goals is the giving of greater emphasis on agriculture and rural development.

The shift of emphasis from industrial to agricultural is reflected in the sector targets of the updated plan. In the original plan for 1983-1987, industry was expected to be the leading sector in terms of growth rate.

Additional Details

HK101325 Manila BUSINESS DAY in English 10 Dec 84 p 2

[Text] The country's overall production of goods and services--or gross national product for the first nine months this year dropped 5.16 percent from the level for the same period last year, Economic Planning Minister Vicente B. Valdepenas, Jr., reported over the weekend.

Valdepenas, concurrent director-general of the National Economic and Development Authority (NEDA), also said the general rise in prices in November was 60.5 percent from the year-ago levels, compared to 63.8 percent in October.

The decline in the inflation rate is the first since April 1983, when the rate was only 6.2 percent. Inflation rose drastically because of the foreign exchange crisis that started during the latter half of 1983.

In Metro Manila, the November inflation rate was 51 percent, Valdepenas said, adding that Metro Manila accounts for 16 percent of the inflation index nationwide.

The drop in the GNP on the other hand has been traced to the dismal performance of the industrial sector, which recorded a decline of 7.85 percent.

Agricultural production rose 1.6 percent during the three-quarter period, while the services sector posted a drop of 2.7 percent.

The drop in the industry sector, which normally accounts for 36 percent of GNP, has been due principally to a 28.02 percent drop in output of the mining and quarrying subsectors.

The manufacturing sector's production, which accounts for over 60 percent of industrial output, went down by 4.83 percent. Construction activity slowed down 10.4 percent for the period.

In the industry group, only the utilities sector, which includes electricity, gas and water, posted a growth, of 4.6 percent.

The services sector--consisting of transport, communication and storage; trade, financial and housing; and other services--also posted a decline of 2.7 percent in output.

Valdepenas said the country is expected to end the year with a 5.5 percent drop in GNP. "We feel that the estimate of a 5.5 percent decline in GNP is a pretty good projection and we do not intend to revise it," he said in a BUSINESS DAY interview.

Speaking before the Philippine Economic Society earlier, Valdepenas said the updated development plan for 1984 to 1987 is putting more emphasis on agriculture and rural development.

He said the agricultural growth target is 4 percent to 5 percent a year from 1985 to 1987, compared to 2.7 percent a year for industry.

In the updated plan, liquidity--consisting of currency in circulation in checking accounts, savings and time deposits, and deposit substitutes--is expected to grow only 12.3 percent a year compared to more than 20 percent annually from 1973 to 1982. Valdepenas said credit is planned to grow only 15.1 percent yearly, compared to 25.5 percent a year from 1973 to 1982.

On fiscal policy, the budgetary deficit as a percentage of GNP will be kept at 1.5 percent in 1984, and 1.2 percent in 1985 to 1987. In 1981 and 1982, the budget deficit went as high as 4 percent of GNP.

From 1985 to 1987, Valdepenas said, real GNP--adjusted for inflation--is targeted to grow about 3 percent a year. Agriculture will take the lead with the government implementing a more remunerative pricing mechanism and better yields as a result of improved farm technology, Valdepenas said.

Reliance on foreign savings will be progressively reduced from more than 8 percent of GNP in 1982 to only about 1 percent of GNP by 1987. Valdepenas said that with population growing at 2.4 percent a year, there is an urgent need to allocate resources more efficiently and to improve productivity in all sectors of the economy.

Valdepenas said he will recommend to President Marcos the inclusion of private sector representatives in all the planning committees and subcommittees of the NEDA.

VIRATA DELIVERS NATIONAL RECOVERY PROGRAM REPORT

OW111231 Quezon City RPN Television Network in English 1100 GMT 11 Dec 84

[From the "Newswatch" Government has been getting commitments via telex from foreign lending institutions for its national recovery and stabilization program. This was the report of Prime Minister Virata before today's regular cabinet meeting at the Executive House on the status of the financial package being sought by the government.]

[Text] In his report, Virata said he is anticipating a message from the Manufacturers Hanover Bank of the United States for its commitment to the program. However, Virata pointed out that there is still more paperwork to do at home. According to Virata, the Justice Ministry is reviewing the documentation of the money facility amounting to \$925 million, and the documents for the \$3 billion trade facility.

Meanwhile, Virata and Central Bank Governor Jose Fernandez are scheduled to leave for France next week to discuss with the Paris Club the mechanics of the restructuring of the country's external debts.

CSO: 4200/260

REPORTAGE ON CONVICTION OF LIGHT-A-FIRE MEMBERS

Paper Reports Trial, Sentencing

HK051415 Manila BULLETIN TODAY in English 5 Dec 84 pp 1, 12

[By Isidro M. Roman]

[Text] A military court sentenced to death by electrocution yesterday, 11 members of the Light-a-Fire Movement, and acquitted 2 other persons in the trial held at the Torres Hall of Justice in Camp Aguinaldo.

Convicted were Eduardo Olaguer, Othoniel Jimenez, Reynaldo Maciang, and Ester Misa-Jimenez.

Also convicted in absentia were Steve Psinakis, Gaston Ortigas, Romeo Velasquez, Efren Serriols, Rene Valera, a certain "Teddy," and John Doe all residing in the United States.

Military Commission No 34 headed by Col Higinio Dacanay, presented seven charges, all of which were in relation to Presidential Decree No 9 on illegal possession of explosives and ammunition.

The 11 were accused of unlawful possession of explosives and other incendiary devices, conspiracy to assassinate President Marcos, the first lady, Defense Minister Juan Ponce Enrile, former Press Secretary Francisco Tatad, and former Minister of Highways Vicente Paterno, through use of explosives; attempted assassination of former Agriculture Minister Arturo M. Tanco, Jr., Local Government Minister Jose Rono, and former Education Minister Onofre D. Corpuz; attempted murder of Johnny Perez and Teodoro Valencia of Daily Express, former Chief of Staff Gen Romeo Espino and Gen Fabian C. Ver; conspiracy and proposal to commit and incite rebellion; and arson on government buildings and other public buildings that resulted in the burning of Rustan's Cubao, Sulo Hotel in Quezon City, Holiday Inn, Philippine Village Hotel, Harrison Cinema and Plaza, Philippine Float in Manila Bay, Commission on Elections building, Bureau of Internal Affairs building, government center in Quezon City and the UP grandstand in Diliman.

Olaguer was arrested days before Christmas Day of 1979. The rest were arrested on Christmas Day.

Other members of the military court were Colonels Marciano Bacalla, Mayo Domingo, Jose Bayani Salcedo and Roberto Furagganan, and Lt Col Rodolfo Mumar.

The prosecution panel was headed by Col Leon Ridaao with Lt Col Aniano Desierto, Maj Victorino Tabanguil, and Maj Jose Montero, Jr.

The military defense panel consisted of Lt Col Mario Diaz and Lt Col Romeo Cano. The civilian defense counsel were led by former Senators Lorenzo Tanada and Jose Diokno.

Supporters Threaten Reprisals

OW080441 Tokyo KYODO in English 0059 GMT 8 Dec 84

[Text] Manila, 8 December (KYODO)—A right wing urban guerrilla leader who was sentenced to death early this week has challenged the Philippine military to carry out the sentence, as members of his group in the United States threaten reprisals should he be executed.

Eduardo Olaguer, 48, a leader of the anti-communist and anti-government "Light-a-Fire Movement," said Friday "since it is the military which has done all these things to me, I wish that the military will finish its work regarding me and that they kill me by musketry rather than by electric chair."

A military court sentenced Olaguer and three associates, along with seven others still at large, to die in the electric chair for conspiracy to assassinate President Ferdinand Marcos, his wife, and members of his cabinet in 1979.

The Light-a-Fire Movement was also found responsible for bombing several hotels and business establishments believed to be owned by relatives of Marcos and his wife.

Olaguer spoke with newsmen who came with a group of about 200 people Friday, led by a religious-backed political prisoners support group that visited the suburban military detention camp where he has been held since his arrest in December 1979.

Olaguer's supporters in the United States said in a telegram sent Thursday to the military judge advocate general's office: "Beware of the wrath of the masses. If the four are executed, you just dig your own grave by this act, for history will haunt you forever."

CSO: 4200/257

REPORTAGE CONTINES ON LIGHT-A-FIRE CONVICTIONS

Protest Rally

HK070856 Dagupan City DZDL Radio in Tagalog 0445 GMT 7 Dec 84

[Text] A big rally is planned for this afternoon at Ugarte Field to protest the death sentences passed by the military on Eduardo Olaguer and 10 other members of the Light-a-Fire Movement. The rally will be composed of members of the various opposition groups such as the [words indistinct] movement, Justice for Aquino, Justive for All group and the National Movement for Freedom, Justice and Democracy.

Makati Mayor Nemesio Yabut has issued a permit for the rally after ascertaining that the mass action will be held only on the sidewalks.

Court Member Receives Death Threat

HK071020 Manila Far East Broadcasting Company in Tagalog 1000 GMT 7 Dec 84

[Text] A member of the military court said he has received a death threat from the so-called Steak Commandoes in the United States who plan a bloody revolution in the Philippines. Colonel Marciano Bacalla, a member of the military tribunal, said that the threat was contained in a telegram from Cesar Arellano, chairman of the Movement for a Free Philippines, which is based in Chicago. According to Bacalla, the threat was made soon after the sentence of death by electrocution was passed on four members of the Light-a-Fire Movement. In the telegram, Arellano warned that if the four are killed, the authorities will be digging their own graves.

CSO: 4211/12

PROGRESS OF TANODBAYAN INQUIRY, CONCERN FOR WITNESSES

HK101228 Hong Kong AFP in English 1212 GMT 10 Dec 84

[By Eduard Lacson]

[Text] Manila, 10 December (AFP)--Prosecutors said today they may be ready by the end of the month to file formal charges against 26 people, including Military Chief Gen Fabian Ver, accused of conspiring in the murder of Benigno Aquino.

The three examining magistrates from the Tanodbayan, or National Ombudsman, made their comments as the deadline passed for the 26 to answer complaints against them stemming from the opposition leaders' death last year.

Prosecutors said General Ver, 2 other generals and 20 lower-ranking officers waived their right to answer a bill of particulars drawn from an official boards findings that Mr Aquino was killed in a military conspiracy.

Three others, notably Colonel Vicente Tigas, press liaison officer of the Presidential Security Command, did respond and asked that cases against them be dismissed.

Their comments will be taken into account without any preliminary hearings, the magistrates said.

As far as we are concerned, the case is submitted for resolution to the Tanodbayan magistrates, said Justice Manuel Herrera, chief of the three-man panel.

They told a news conference that they were now studying formal charges. Magistrate Leonardo Tamayo added, we might finish by the end of the month.

Human rights lawyers as well as Andres Narvasa, chief of the Legal panel of the fact-finding board headed by retired Justice Corazon Agrava, have expressed concern over possible tampering with witnesses.

They said some witnesses have disappeared, and others reported being approached and even harassed to change or repudiate their testimony on the death of Mr Aquino, shot at Manila Airport on 21 August 1983.

Justice Herrera reiterated that witnesses would be protected by the Tanodbayan and the panel would welcome those with evidence who did not testify before the official fact-finding board.

We will protect them, he said. In reply to a question about witnesses who for some reason are unable to testify during the court trial, he said we have ways of taking care of that but declined to elaborate.

Of the 26 named by the majority of the Agrava board as indictable in the slaying of Mr Aquino, only Colonel Tigas has submitted counter-evidence to support his claim of innocence.

His evidence consisted of statements by 13 news photographers who went back on their testimony which the Agrava Board used as a basis for linking Colonel Tigas to the conspiracy.

The National Press Club is considering whether to conduct an inquiry on the matter as members expressed worry that the apparent turn-around would further reduce the credibility of the local press.

A key witness has already repudiated his testimony before the board: Airline worker Celso Loterinia, who said he saw Mr Aquino shot while on a service stairway with only soldiers around him.

His formal repudiation was submitted to the board last October by a subordinate of the legal officer of the Presidential Security Command the board said.

CSO: 4200/257

CHILDREN PICKET FOR PARENTS' RELEASE

OWO61237 Tokyo KYODO in English 1219 GMT 6 Dec 84

[Text] Manila, 6 December (KYODO)--About 40 children of political prisoners accompanied by relatives and friends Thursday picketed the entrance to Malacanang (presidential) Palace to demand the release of their parents.

The children, averaging 10 years old, occupied a portion of Mendiola Bridge about 500 meters from the palace gates in central Manila. Mendiola Bridge was the scene of many violent demonstrations in the past year and has long been a symbol of antigovernment protest.

Each child wore large cardboard headband with the name of his father or mother written across it. The children also carried placards with slogans demanding justice for their parents who were detained and tortured by Philippine military units.

Belle Morales, wife of Horacio Morales, the alleged chairman of underground National Democratic Front (NDF) now in detention, deplored the "double standard of justice" which declared her husband 'guilty until proven innocent' while military men accused of various crimes go scot free.

She said the children's picket was important because "the children are the most effected by the detention of their parents."

Former dean of students at the University of the Philippines, Armando Malay, whose son-in-law has been in jail since 1976, said "it will be a miracle if the government releases the political prisoners." "But a miracle can still happen," he said.

CSO: 4200/257

DEPUTY PRIME MINISTER ON SUCCESSION, COUP DISAVOWAL

Scores Succession Rumors

HK070844 Dagupan City DZDL Radio in Tagalog 0445 GMT 7 Dec 84

[Text] Deputy Prime Minister Jose Rono has deplored all the presidential succession. Rono said that the Batasan committee on the revision of laws, codes, and constitutional amendments will determine the laws which will cover the matter of presidential succession. He added that the committee will clarify this issue so that all speculations and questions on presidential succession can be settled during the forthcoming KBL [Kilusang Bagong Lipunan] caucus.

After Rono made these statements, President Marcos telephones him, and Rono later reported their conversation. [Recording indistinct]

Discounts Military Takeover

HK071046 Manila Far East Broadcasting Company in Tagalog 1000 GMT 7 Dec 84

[Text] Deputy Prime Minister Jose Rono says there will be no military takeover in the country. Rono made this statement in the Batasan [words indistinct]. He pointed out that widespread rumors about a military takeover have long been discounted by Acting Chief of Staff Gen Fidel Ramos, and by Gen Fabian Ver.

CSO: 4211/12

OFFICIALS REITERATE ASSURANCES AGAINST COUPS, REVOLUTION

HK080047 Manila Far East Broadcasting Company in English 2300 GMT 7 Dec 84

[Text] Deputy Prime Minister Jose Rono yesterday [7 December] reiterated the government's assurance that there will be no military takeover in case the president dies or is incapacitated. In talks with Batasan newsmen, Rono said President Marcos himself had said that the constitutional processes will be implemented in the event of his death or permanent disability. He added the same assurance has also been made by Acting Armed Forces Chief of Staff Lt-Gen Fidel Ramos and Gen Fabian Ver, before he went on leave on 27 October as armed forces chief of staff.

In a related development, Army Chief Maj Gen Josephus Ramas yesterday said the army will never permit any armed revolution to take place in the country. He said any attempt by the Communist Party of the Philippines and its military arm, the New People's Army, to initiate an open warfare will be crushed in a day or two by the armed forces. Ramas made this statement during a press conference at his office in Fort Bonifacio.

The army chief also echoed the same sentiment of Acting Armed Forces Chief of Staff Fidel Ramos to support the constitution in case the president is incapacitated.

CSO: 4200/257

REPORTAGE CONTINUES ON ASSURANCES OF MARCOS' HEALTH

President Bares Chest at Cabinet

HK080900 Hong Kong AFP in English 0851 GMT 8 Dec 84

[Text] Manila, 8 December (AFP)--President Ferdinand Marcos today raised his shirt on front of television cameras to prove he had not undergone surgery, as he chaired his first cabinet meeting since going into seclusion in mid-November.

Government television broadcast a nearly 3-minute footage showing a smiling Mr Marcos sitting at his desk raising his shirt, exposing an unscarred belly and part of his upper chest, as cabinet members laughed in approval.

The 67-year-old chief executive had been officially described as recovering from flu since dropping out of sight 14 November, but had been widely reported to have undergone kidney surgery or tracheotomy, a throat incision.

The official Philippine News Agency (PNA) said Mr Marcos also unbuttoned his shirt to prove that his neck had not been punctured but the film clip did not include this scene.

The presidential palace said the cabinet meeting lasted for 1 hour and 40 minutes.

Premier Cesar Virata reported to the cabinet, after 2 weeks of talks with the country's private lenders, that he believed foreign banks would commit most of the 925 million dollars in fresh loans sought by the Philippines, PNA said.

Lt-Gen Fidel Ramos, acting armed forces chief of staff, briefed the president on the peace and order situation, PNA added.

Daughter Imee on Health, Succession

OWO61343 Quezon City RPN Television Network in English 1100 GMT 6 Dec 84

[From the "Newswatch" program]

[Text] Ilocos Norte MP Imee Marcos Manotoc, the president's eldest, today ruled out any Marcos succession for herself and their children. Appearing

at a news conference with Batasan reporters, MP Manotoc said she was not yet clear on all the issues involved in the succession bill but she welcomed moves to expand the constitutional provision beyond dealing only with a permanent vacancy.

The five bills on presidential succession are still under study by a Batasan committee. As to herself being a presidential successor, Imee said she did not welcome it at all. As to her father's health, Imee said the president is getting better.

[Begin Manotoc recording] Among other things, I inherited that as well. He is better though. [End recording]

Imee also defined before the Batasan reporters what she thought was her role at the Batasan.

[Begin Manotoc recording] A priority for my role in the Batasan is to act as a conduit to the palace, for both the opposition as well as the KBL. Malacanang is not notoriously easy to gain access to, so perhaps in that manner I can help. And certainly I consult my father very frequently. [End recording]

Justice Minister on 'Exaggerated' Fears

HK060431 Quezon City Maharlike Broadcasting System in English 0400 GMT 6 Dec 84

[Text] Justice Minister Estelito Mendoza says the fears spread by the opposition about the president's health are exaggerated. Mendoza said that the opposition should concentrate on working on important legislation instead of listening to rumors. The justice minister also said an early earlier succession bill sponsored by the opposition is a misnomer. He also described fear of a military take-over as unfounded.

[Begin Mendoza recording] In the first place the word "succession," I think it's inappropriate in the context of the reality of the position, the bill really deals with temporary incapacity, and there can be no succession to talk about unless there is a vacancy, and there can be no vacancy on the basis of a temporary incapacity. That is a matter which can be considered, but there is a formidable problem of what is temporary incapacity. However, going back to whether there is this urgent need in view of a possible military take-over, I think a successor bill or whatever bill cannot avoid a military take-over, if there is going to be any. But as far as I'm concerned I have faith in the assurances, in the traditions of the military, that we are not going to have the military take over. [End recording]

CSO: 4200/257

BATASAN OPPOSITION VIEWS, PROGRESS ON SUCCESSION LAW

Opposed To Early Recess

HK060758 Manila Far East Broadcasting Company in English 2300 GMT 5 Dec 84

[Text] Opposition members of the Batasang Pambansa yesterday [5 December] said they will fight a ruling party move to recess [words indistinct] on 14 December if a law on presidential succession is not enacted first. The opposition stand was conveyed by member of parliament Jose Laurel. Laurel said it is most important and imperative that the presidential succession law be enacted to prevent a military takeover in case of incapacity of the president. Every effort must be taken to prevent the military takeover. Laurel said the opposition has created an eight-man special committee to study all the resolutions and bills filed so far providing for presidential succession. Laurel said the committee will study and consolidate these bills and resolutions to one measure and present it to the legislative body for enactment.

Laurel Heads Committee

DW060357 Quezon City RPN Television Network in English 1100 GMT 5 Dec 84

[From the "Newswatch" program]

[Text] At the Batasan, the coalist opposition in a caucus this afternoon formed a special committee to study all bills pending before the committee on revision of laws touching on presidential succession. The opposition caucus also unanimously elected MP Jose Laurel Jr. head of the special committee. Laurel said the opposition will block all moves to recess the current session until such time as the Batasan shall have tackled the problem of succession. Members of the committee included MPs Homobono Adaza, Edmundo (Saya), Neptali Gonzales, Cecilia Munoz Palma, and Marcelo Fernan.

CSO: 4200/257

SALONGA ON LIBERAL PARTY FOREIGN POLICY

HK111550 Manila BULLETIN TODAY in English 11 Dec 84 pp 7, 10

["Excerpt" from the Liberal Party Program of Government, drafted by Jovito R. Salonga, Liberal Party president and former Philippine Senator: "Foreign Policy of the Liberal Party"; passages within slantlines published in italics]

[Text] When we speak of Philippine relations with other states of the world, the one nation that looms large in the thinking of most Filipinos is the United States.

There is a logical basis for this preoccupation: the Philippines occupies a unique role vis-a-vis the United States.

The Philippines was the first and only colony of the United States in its entire history. For decades, we became "the showcase of American democracy in Asia." We championed American interests and fought on the side of the United States. Her enemies became our enemies, and our people offered their lives and their fortunes for the sake of "democracy and freedom"--catchwords that shaped and blurred the thinking of generations of Filipinos.

For the defense and protection of the so-called free world, we were made to concede not only our territory but also our independence of action so the United States could maintain its biggest overseas bases in the Philippines.

Before the grant of our independence, our leaders had to agree to parity rights, that is, the extension to American corporations and nationals the same rights as Filipinos have in the exploitation of our national resources and the operation of public utilities.

Our economy, up to this day, is heavily dependent on the United States, thus confirming the truth of what an American scholar George Taylor, had written many years ago in his book, "The Philippines and the United States: Problems of Partnership":

/"New forms of alien bondage--political, economic, and military--were being clamped down on the Filipinos. The United States was trying to preserve the colonial character of Philippine economy, perpetuate the economic dependence of the Philippines on American capital, and transform the Philippines into a permanent auxiliary base for the American army and navy in the Pacific. The Filipinos got off to a very bad start on the road to independence."/

Since the Philippines was granted its nominal independence on 4 July 1946, the Philippine has been described by American high officials as "a close ally and partner," on the other hand, and ridiculed by other nations, including our Asian neighbors, as no more than an American satellite, on the other.

This latter description continues to offend us. But if we adopt a realistic approach by placing more stress on what American and Filipino policy makers actually do, rather than on what they claim they are doing, with respect to Philippine-American relations, we must admit, however painfully, that we have been no more than a client state or a neo-colony of the United States.

In terms of abstract of abstract rhetoric, U.S. high officials are concerned about democracy and human rights; in actuality and with specific reference to the Philippines, the U.S. Government has been more concerned about its access to its strategic military bases in the Philippines--which admittedly occupy a vital geostrategic position in the Southeast Asian-Pacific region and "cannot be replicated elsewhere at any single location"--than about the basic human rights of our people.

In contrast, Filipino public officials have followed the American line--in bilateral negotiations and in international conferences.

Twelve years of increasing U.S. support of the Marcos dictatorship have taught us to think for ourselves and work for our own independence and freedom as a self-respecting people.

Now, more and more Filipinos have begun to realize that American policy towards the Philippines is based on self-interest, not on sentimental considerations of special relationship or generous impulses of benevolence. As President Dwight Eisenhower, who had once served in the Philippines declared in 1958:

/"Everything we do in the foreign field has for its basic purpose our own national security, our own national prosperity.... We are not doing these things in the foreign field as a matter of altruism and charity."/

So obvious had been the colonial mentality of our own Filipino officials that former Ambassador Bohlen found it necessary--to our shame--to remind his Filipino audience:

/"We in the U.S. Embassy are here (in the Philippines) to protect American interests. We expect your officials to protect your own interests."/

The protection of our own interests is precisely what the Marcos regime has failed to do in all its years in power.

Even before he imposed martial law in 1972, strategic areas of Philippine economy were already under the domination of American multinational companies. At the state of martial rule, Marcos released a series of decrees guaranteeing full repatriation of capital and profits, reversed nationalistic decisions of the Philippine Supreme Court, amended the Retail Trade Act to favor foreign

investors, and opened up new areas of Philippine economy to 100 percent foreign investment.

In 1979, Marcos entered into an Amended Military Bases Agreement with the United States, assuring the latter "unhampered military operations involving its forces" in the Philippines, in exchange for \$500 million support for his discredited regime. At a time when in the United States itself, the popular clamor is for control of nuclear arms and weapons, U.S. military bases in the Philippines have earned the distinction of containing "one of the biggest concentrations of nuclear weapons in the Pacific."

Thus, in the event of miscalculation, computer error, or a nuclear showdown between the Soviet Union and the United States, our people, already stripped of their human rights by a repressive government, would be exposed to the risks of nuclear annihilation, without knowing why.

Shortly after his assumption of the presidency in 1981, Mr Reagan declared that the United States could wage and win a limited nuclear war, that is, a war where the U.S. and the Soviet Union, using a new generation of tactical nuclear weapons, medium-range bombers, cruise missiles, SS-20s, and similar nuclear arms, would target the bases and territories of each other's client states, far away from the land areas of the two superpowers, presumably in the hope that the war could be confined and would not escalate.

European allies of the United States protested Reagan's statement. But not one word of concern or protest came from the Marcos government.

For our own survival as a nation, for the protection of our own independence and sovereignty as a people, and for the sake of world peace, the time has come for the Philippines to assert and actually carry out a foreign policy of its own.

If the relations between the Philippines and the United States become more respectable, our relations with other states will inevitably be one of mutual respect and amity.

We believe that the security of any nation, including the United States and the Soviet Union, cannot be achieved by policies that lead to the insecurity of other nations.

To be more specific, to maintain the U.S. security can or should be achieved at the expense of other nations, such as the Philippines, where strategic U.S. military bases are located, or that the human rights of our people should be subordinated to "overriding U.S. security considerations," as one high American official candidly pointed out, is obviously unfair.

The notion of limited nuclear war is unacceptable to us, not only because the risks are particularly horrendous for our people, but also because there is no basis for believing that a limited nuclear war, once started, would remain limited. WORLD. [as published]

The rivalry between the nuclear giants, the dominant but flimsy idea that military force and military discipline can solve acute political, social and economic problems, and the efforts of the major powers, for political and economic reasons, to promote the ascendancy of friendly military elites in client states, have helped sustain the rise of authoritarian regimes sweeping the Third World with such horrible consequences.

In the name of national security, the state of emergency is declared, dissenters are imprisoned or disposed of, civil liberties are curtailed; the local military establishment departs from its usual role and assumes pervasive control over the lives and behavior of its citizens.

The story is almost the same, whether in Latin America, Africa or Asia. But the decline and fall of many authoritarian regimes in recent years, and the world-wide clamor to curb the arms race, give [sentence and punctuation as published]

The raging escalation of the nuclear arms race must be stopped. Not only is it grossly unjust to our people whose survival is at stake, but it also threatens the survival of all humankind, since it negates the very security and peace it seeks to achieve.

As shown by experts on the subject, there is an unmistakable linkage between the arms race of the superpowers and the scourge of militarism in the [words indistinct].

The Philippines, in our view, should not be a part of the problem--it should be a part of the solution.

This should prove beneficial to us. A breathing spell from the deadly rivalry of the superpowers will enable the Philippines, free from the scourge of militarism, to achieve the kind of social and economic development that will benefit our people.

Since foreign policy should be the extension of our domestic policies, we propose the following guidelines for the government of a new democratic Philippines:

1. Philippine foreign policy decisions should reflect our cherished values and aspirations as a people and must, in every case, be based on what will best serve our national interest.
2. The Philippines should develop friendly relations with all states, regardless of ideology, and move away from a relationship of dependence or subordination in relation to any state.
3. The Philippines should support the United Nations and all international organizations, governmental and non-governmental, which are involved in the struggle for world peace based on justice, and join all organized efforts to curb the arms race, reduce the threat of nuclear war, and avoid confrontations that could lead mankind to a nuclear holocaust.

4. We should exert all efforts to strengthen our ties with Asian states. The Philippines should cooperate in making Southeast Asia a "zone of peace, freedom, and neutrality" and in declaring the region a "nuclear-weapons free zone."

5. The Philippines should oppose the continued existence of foreign military bases or facilities in the Philippines.

6. All arrangements and agreements entered into by the Marcos dictatorship should be carefully re-examined and reviewed from the standpoint of our national interest. Those that are against such interest should be repudiated or terminated. But all international agreements, duly ratified in accordance with constitutional process, should be honored and observed.

7. The foreign service of the Philippines which has been the privileged sanctuary of misfits and undesirables, particularly during the Marcos years, should be cleaned up. Appointments and promotions should be based on merit.

CSO: 4200/260

MEDIA REPORTAGE ON NPA-MILITARY COMBAT

12 Rangers Killed

HK141454 Manila BULLETIN TODAY in English 14 Dec 84 pp 1, 18

[By Ped Velasco and F.T. Flores]

[Text] Moncayo, Davao del Norte--Hostilities between government and dissident forces in this province broke out anew last Wednesday when 12 Ranger troopers, including two officers, were killed and 14 other soldiers were wounded in an ambush by about 80 members of the New People's Army (NPA) on Talisay Road in barangay Banlag here.

Despite the numerical superiority and firepower of the rebels, who were deployed on higher ground on both sides of the road, the soldiers were able to fight back causing an undetermined number of casualties on the enemy side. The soldiers were on board a logging truck when ambushed.

In this report to Brig Gen Jaime Echaveria, Regional Unified Command 11 commander, Col Teodoro Paselo, chief of RUC [Regional Unified Command] north-eastern forces, identified the slain Ranger officers as Capt Edwin Arana, 29, and 2Lt Bienvenido Leone Jr, 24, both graduates of the Philippine Ministry Academy, Class 1979 and 1984, respectively.

Arana, a recipient of five Gold Cross medals, was the commanding officer of Delta Company of the 1st Ranger Battalion based in New Bataan town, this province, while Leone was his junior officer.

The slain soldiers were identified as Cpls Hermogenes Murillo, Carlos Diason, Pedro Ramos, and Fennin Catamel; Pfts George Baruga, Mario Guingoyan, Carlito Ambody, and Jaime Amado; and draftees Andronico Salvador and Gregorio Gaspan.

The wounded soldiers were taken to Davao City Hospital by helicopter.

The names of other fatalities, including the logging truck driver, and those wounded were not available.

Paselo said the soldiers were returning to their camp in New Bataan after a combat mission when attacked by the rebels.

The soldiers were able to hold their ground for about two hours.

The arrival of reinforcements from nearby military units forced the rebels to withdraw toward a forested area.

Commandoes of the Regional Unified Command 8 killed 27 rebels last Wednesday in Eastern Samar.

A combat report relayed to Lt Gen Fidel V. Ramos, AFP [Armed Forces of the Philippines] chief of staff, through Brig Gen Pedro R. Balbanero, commander of the AFP military police, said the slain rebels were among those who raided a remote sitio in Eastern Samar and killed several civilians weeks ago.

The report said that five commandoes were wounded during the clash.

In another development, Col Pedro L. Lumbres, provost marshal general of the AFP said yesterday 43 cattle rustlers were arrested in the provinces of Masbate, Mindoro, Bicol areas, Panay, and Palawan.

He said the rustlers are used by NPA rebels in raising funds for their operation.

Lanao del Norte, Cagayan Fighting

HE141457 Manila BULLETIN TODAY in English 14 Dec 84 p 18

[Text] Iligan City (PNA [PHILIPPINE NEWS AGENCY])--Three militiamen were killed while another was wounded in two firefights with communist insurgents in Liangan and Kolambugan towns in Lanao del Norte during the weekend, the provincial PC-INP [Philippine Constabulary-Integrated National Police] command said yesterday.

The fatalities were Anreco Maglangit, 35, Eleuterio Jamero, 28, both of Liangan East, Bacolod, Lanao del Norte; and Patricio Bariga, of Kolambugan, Lanao del Norte.

Seriously wounded was Claro Alla who was with Jamero and Maglangit and among the five-man Civilian Home Defense Force (CHDF) ambushed by armed men in sitio Hawak, Bacolod.

Bariga and six of his companions were patrolling Upper Palo, Kolambugan, when another group of insurgents fired at them, the PC said.

Iligan City (PNA)--Four suspected communist insurgents, including a woman, were killed Wednesday when government troops attacked them in sitio Culti, Claveria, Cagayan.

Col Bernardo Francisco, commander of the 5th Army Infantry Battalion, said the clash erupted after a civilian informer reported the presence of 15 rebels holding a teach-in in Sitio Culat.

Eight Soldiers Killed in Zamboanga

HK160034 Manila Far East Broadcasting Company in English 2300 GMT 15 Dec 84

[Text] Eight soldiers, including an officer of the 1st infantry division, Philippine Army, were killed in an ambush at Josefina town, Zamboanga del Sur, Friday morning. A flash report to Southern Command Chief Major General Delfin Castro said the soldiers were ambushed by a group of heavily-armed men believed to be terrorists of the New People's Army. The ambush took place at about 1000 while the soldiers were on a trip to a neighboring town on board a 6 x 6 truck. The Southern Command withheld the names of those who died pending notification of their next of kin. An unidentified soldier was also injured.

CSO: 4200/282

BANKERS WAITING FOR NON-TRADE DEBT RESCHEDULING

HK061355 Manila BUSINESS DAY in English 6 Dec 84 p 2

[By reporter Conrado R. Banal III]

[Text] Bankers are on the edge of their seats waiting for the Central Bank guidelines on the rescheduling of its non-trade foreign debts estimated at about d4 billion.

Foremost among their concerns is whether or not the CB will reopen its "forward cover" facilities for non-trade foreign debts of banks. This facility, when it was in effect, eliminated the risk of foreign borrowings rising in cost if the peso depreciates significantly against the dollar at the time of payment.

Some bankers say the CB has no reason to deny the banking system such a needed protection. They note that although the CB stands to lose billions of pesos if it grants forward cover on all of the banking system's non-trade foreign debts and the peso depreciates against the dollar, the CB's main concern is not to make profit but to ensure a stable banking system.

However, other bankers fear the CB may decide against giving the protection. CB Senior Deputy Governor Gabriel Sinason, asked during a recent meeting with financial executives whether the CB was willing to bear the burden of foreign exchange risks, said the CB under the proposed debt rescheduling agreement was only giving foreign creditors a guarantee on payments of the loan. The CB was not assuming the foreign loans of the private sector, he said.

Bankers also note that the proposed debt rescheduling agreement specifies that banks have to deliver to the CB the peso equivalent of their maturing dollar loans "at the exchange rate in effect at the date of delivery." Bankers said that this provision in the agreement can be interpreted as a prohibition against CB's foreign exchange protection for dollar loans of banks.

A CB decision not to give forward cover could be fatal to the banking system, some bankers said.

Some banks had failed to get forward cover for their dollar loans at the time the government declared a moratorium on foreign debt repayments in October

last year. At that time, the CB, wanting to siphon off excess money from circulation, asked banks to put up-front the equivalent peso payments of their dollar loans and give banks an insurance against peso devaluations. Not all banks were able to grab the CB offer at that time, mainly because they could not afford to get the pesos at the high interest rates prevailing then. This facility was later closed and those banks "missed the ride," a banker said.

Bankers said they are worried because the proposed debt rescheduling agreement actually gives banks no choice in their foreign debt repayments but to re-schedule them to 4 years.

The proposed agreement gives options to the foreign creditors only. Foreign creditors can either retain the local banks as the debtors or effectively transfer the obligations to the CB. The first choice requires the local banks to repay the loans themselves in 4 years, as against a 10-year repayment period in the second option.

If the foreign bank chooses the first option, the local bank nevertheless can transfer the obligation to the CB, with the "concurrence of the lender," the draft agreement says.

Bankers say foreign banks will naturally refuse the first option, which has a shorter repayment period, if they know that the local banks had failed to get CB forward cover for lack of peso funding. A local bank with financial problem would therefore be limited to the second option.

Bankers say that even if the foreign banks choose the first option, the CB may pressure local banks to elect the second to minimize dollar outflow during the next 4 years. The CB under the second option can repay the non-trade obligations of the banking system in 10 years with a 5-year grace period.

Under the 10-year rescheduling option, the local banks nevertheless have to deliver to the CB the peso equivalent of the dollar loans also within 4 years. Bankers noted that without a forward cover from the CB they would have to take the foreign exchange risk during those 4 years. They added that, with the present condition in the market for dollars, any prediction of the rate would be impossible.

CSO: 4200/257

END TO FOREIGN EXCHANGE RESTRICTIONS PREDICTED

HK071451 Manila BUSINESS DAY in English 7 Dec 84 p 2

[By Conrado R. Banal III]

[Text] The government plans to dismantle all the foreign exchange restrictions it imposed in October last year when it declared a moratorium on the country's foreign debt repayments, sources in banking said.

The sources said Prime Minister Cesar Virata revealed such a plan during his meetings with bankers in Tokyo, Hong Kong, Frankfurt, and London to get their participation in the country's financial rescue program.

A source in government yesterday said the plans are in the agenda of a cabinet meeting tomorrow.

The dismantling of all those restrictions will follow a Central Bank (CB) attempt to create a freely floating exchange rate for the peso. Last October, the CB scrapped the requirement on banks to surrender the dollars handled to a CB-managed foreign exchange pool, which was instituted in October 1983 to create a priority system for dollar uses. With banks allowed to keep a portion of their dollar receipts since last October to service dollar needs of business, interbank dollar trading was revived.

Virata indicated that these measures were only the beginning of a plan to simplify the foreign exchange system, the sources said.

High in the list of forthcoming CB moves is a resumption of outward remittances of incomes by foreign firms operating in the country, other sources said. These remittances will include dividend payments and proceeds from local sales of foreign airline and shipping firms.

Sources said the CB is trying to complete an inventory of all foreign exchange remittances from October last year to the end of 1985. They said the CB plans to program these remittances based on the available dollars as against other priority uses such as payments for oil and interest on foreign debts.

Outward remittances by foreign firms were effectively halted after the government declared the debt payments moratorium and dollar were used for priority

purposes identified by the CB. Airline firms were promised by CB governor Jose B. Fernandez Jr that they would be given dollars for remittances during the period from September this year to June next year. Their funds locked in the country before the cut-off date will be included in the program being prepared by the CB, sources said.

The sources also said that with the projected rescheduling of some \$1 billion in official foreign loans and interest payments during the next 2 years, the CB predicts more dollars would be available for remittances of foreign firms. Official foreign loans and their interest payments excluded from the moratorium. [As published]

The sources noted that the projected cut in oil bills for 1985 to between \$1.2 billion and \$1.3 billion from \$2.1 billion in 1983 and \$1.6 billion in 1984, can also free more dollars for other uses of available dollars.

Bankers contacted by BUSINESS DAY said the CB may also change its rules on the allowable dollar holdings of commercial banks. Banks at present may keep dollars equivalent to 25 percent of their outstanding import letters of credit and 10 percent of dollar earnings coursed through them.

Bankers have proposed to the CB to either eliminate the ceiling on allowable dollar holdings of banks or adopt a weekly average as basis for compliance with the limitation.

CSO: 4200/257

CENTRAL BANK REVISES EXCHANGE RATE SYSTEM

HK141503 Manila BUSINESS DAY in English 14 Dec 84 p 2

[By Rigoberto D. Tiglao]

[Text] The Central Bank [CB] yesterday changed the system for determining the peso's exchange rate against the dollar, scrapping both the "guiding rate" concept and the requirement that spot dollar transactions among banks be done only on the trading floor of the Bankers' Association of the Philippines (BAP).

The new system is intended towards establishing a "freer" float of the peso's international value, in which market forces determine the rate with the least intervention from monetary authorities.

BUSINESS DAY sources disclosed that the CB move at this point is intended to effect a gradual change towards an entirely market-oriented exchange rate system in time for the International Monetary Fund's first program review of the standby credit arrangement not later than March 15, 1985. The standby credit is expected to be finally approved this weekend.

Under the terms of the arrangement, as contained in the government's letter of intent, to the Fund, IMF dissatisfaction with the implementation of the program may lead to a suspension of the entire standby credit. Furthermore, the government has promised to dismantle all foreign exchange restrictions and to minimize intervention in the exchange rate system by the end of next year.

Under the new system, banks can now buy and sell dollars among themselves directly, without having to bid on the BAP trading floor. CB officials said this scheme is also intended to allow two banks, for example, to trade between themselves without risking disclosing their foreign exchange positions, which is the case if bank bids on the BAP trading floor.

A semblance of the old system of having a guiding peso-dollar rate is maintained in the form of a so-called "BAP reference rate," which is the weighted average rate of all dollar transactions during a day. The BAP started using a reference rate yesterday.

However, banks are no longer required to buy or sell dollars within a prescribed margin above or below this reference rate. Formerly, banks could sell or buy foreign exchange on the trading floor or in the market (such as buying from dollar earners or selling to importers) only with a prescribed range over or below the guiding rate. Theoretically, the reference rate on a day is no longer a limit for determining the reference rate the next day.

CB officials said the new system has been authorized for implementation by the BAP under Circular No 1034. The circular does not specify the mechanics of the new system, but CB Governor Jose B. Fernandez Jr described the new system in a meeting with bank presidents last Tuesday. The BAP has been authorized to finalize guidelines for the new system.

CB officials yesterday explained that the BAP's guidelines, along monetary policies, will ensure that the peso's exchange rate will not result in drastic devaluations of the peso or its wild fluctuations. For example, they said, the current regulations on banks' dollar holdings and the high domestic interest rates will prevent hoarding of dollars and speculations against the peso would lead to drastic devaluations and wild fluctuations.

Also, while the CB may have virtually left the determination of the peso's exchange rate to the open market, and to the commercial banks, one CB official noted that "it definitely would not be in the banks' interest to allow wild fluctuations of the peso's rate, since this would be hurting them too."

A sudden change in the peso's exchange rate is unlikely to happen soon because there are still restrictions on dollar payments abroad. The country has arrears totaling about \$2.5 billion on such obligations as principal payments on debts not covered by the moratorium, profit-dividend remittances of foreign companies operating here, and airline/shipping company revenues.

As long as these payments are restricted, effective demand for dollars will remain insufficient to push the peso's exchange value down. The CB's rather delicate move in the immediate future will involve scheduling the payment of these arrears while preventing such new demand for dollars from cutting the peso's value against the dollar.

The new exchange rate system "will evolve and cannot be put in place overnight," a CB official said. He added it aims to let market forces determine the rate. For example, he noted, a dollar user or earner may find that different banks and the availability of dollars will determine the peso value against the dollar. That exchange value will reflect not only the supply of and demand for dollars at a particular period, but also the efficiency of banks, he said.

Under the new system, even the CB and the government would have to buy dollars from commercial banks for their requirements, such as for paying interest on their loans. Formerly, or since the start of the moratorium on debt payments, dollars for paying loan interest were allocated by the CB. The exchange rate for those dollars was pegged to the guiding rate at the time of the remittances of the payments.

JOURNALIST INTERVIEWS DEFENSE CHIEF ENRILE

MANILA MAILER TODAY in English Sunday Supplement 9 Dec 84 pp 7, 8, 10, 11, 12

[Interview with Defense Minister Juan Ponce Enrile: "We Are Very Zealous in Our Efforts to Protect Human Rights")

[Text] Juan Ponce Enrile, Minister of National Defense since 1970, is proud of the fact that during the martial law period, when he had tremendous power over the military establishment, he ordered either the relief of or disciplinary action against thousands of military men found guilty of committing abuses against the civilian populace.

Today, despite his clipped powers and in the midst of widespread complaints about human rights violations perpetrated by men in uniform, Enrile gives the assurance that the military establishment will zealously protect human rights.

Such assurance may not be enough to calm the disquiet in many skeptical minds. Nevertheless, when PAMPANA arrived and Enrile at the Bat. Pang Pambansa, the minister remained firm in his belief that the military was doing everything it could, even as he admitted that soldiers' boots sometimes tread sacred ground, in the process trampling upon the people's rights.

Staffwriter Stella S. Corbett interviewed a calm and confident Enrile on the human rights situation in the Philippines. Oftentimes, the minister answered questions as a lawyer would: with a lot of ifs and buts and with great emphasis on the legal process in dealing with human rights abuses. The following are excerpts from the interview.

PAMPANA: Recent reports by human rights organizations like Amnesty International, the International Committee of Jurists and even local groups like the Task Force Detainees show an increasing incidence of human rights violations in the Philippines. Would you agree with such findings?

Juan Ponce Enrile (JPE): I am not concerned with the figures right now, whether they are high or indicate an increase or incidence. But one thing I can say: as far as the Ministry of Defense is concerned and I think I can also speak for the entire AFP, we are very zealous in our efforts to protect human rights. We are very involved in handling problems involving emergency or other people, as well as, the well that we have to protect the rights of the army. I am concerned to eliminate them from the emergency.

to the extent that there are violations of the rights of the people, then the violators are challenged, if we can identify them. If there is any evidence to take disciplinary action against them, we do not hesitate to do so. The difficulty lies in the fact that while there are complaints about human rights violations, sometimes the allegations are not supported by evidence.

PASQUALE: Human rights groups complain that, on the contrary, it is very difficult to get redress for victims of military abuses.

JPE: It will not be difficult if they come by and execute affidavits giving us the specific acts and the particulars of the misconduct that they claim was committed by specific persons in the military organization. But what happens sometimes is the allegations are too general and you cannot punish people on the basis of general statements.

PASQUALE: In many instances, the victims or eyewitnesses fail to come before the military because they are afraid.

JPE: But precisely, we guarantee their security. Many times, we even quarter them in our security premises in order to see to it that they will not be harmed.

PASQUALE: It is not always so simple. Pedro, the farmer from some obscure barrio, would find it very difficult to complain against the military if in his barrio the military presence is so pervasive. Pedro would fear for his life, his family, his possessions,...

JPE: Agreed. The problem is, how do we deal with this dilemma? The only way we can prove the crime is through the testimony of eyewitnesses but if they are unwilling to come out and they do not trust the authorities, what is the remedy? The only thing we can do perhaps is to separate the military man from the service.

PASQUALE: How many cases of that happening?

JPE: Over the years, especially during the period of martial law when I was in charge of matters like these, I was almost merciless in separating those cases, to the point that some members of the military organization in the Armed Force resented my intransigence. I think we have removed thousands of people from the service.

PASQUALE: It is the general observation that the insurgency has worsened in the last few years.

JPE: Since 1983.

PASQUALE: And as you have just said that one of the most effective pressures into the Armed Forces movement is military abuse.

JPE: That's correct because if there are misbehaving military personnel, that is unthinkable material for the opposition of the government and it brings the sympathy of the people, apart from the fact that the people sympathize with the movement.

PANORAMA: The pattern of military abuses has led some human rights groups to believe that violations of human rights are part of military policy, are intrinsic to the counterinsurgency program.

JPE: That is not quite correct. It is never the policy of the military to assault the civilian population. In fact, that would be crazy on the military's part because it is essential in counterinsurgency that the military organization must retain the confidence, the hearts and the support of the people. Otherwise, you would be deprived of sources of information, you would be increasing the number of people against you and then you would not have the political support of people who would otherwise assist you in countering the activities of the movement.

PANORAMA: Is the establishment of strategic hamlets sound counterinsurgency policy?

JPE: If properly handled, if properly done. Resource control, control of population movement the confinement of people in acceptable areas, the imposition of a curfew: these are all acceptable norms in counterinsurgency.

PANORAMA: At the same time, these deprive the residents of certain rights.

JPE: Of course, there is a certain amount of temporary deprivation of rights because you are in an abnormal condition. This is not normal peaceful condition, so you can talk to the population and ask them to cooperate. Eventually, once the situation settles down, you can restore all the rights to them.

PANORAMA: It is claimed that hamletting is quite pervasive in Mindanao.

JPE: The only place where this happened was in San Vicente; LAAC (Dayao Del Norte) but in other areas, the so-called hamletting was caused by the movement of the population because of military operations. It was not a forcible expulsion of people from their homes unlike what happened in Vietnam and Malaysia where the government established villages fenced by barbed wire and quartered the population in these villages in order to isolate them from the insurgents.

Of course, you hear a lot of complaints. The evacuation of people prejudices the interest of the cadres of the New People's Army who are then deprived of economic assistance and all kinds of support. So they will now say, there's hamletting, they propagandize in order to egg us here in Manila to react and order the military out.

PANORAMA: Some people estimate that there are about 300,000 people in 725 hamlet centers in 11 out of 22 provinces in Mindanao. Would you say that is an accurate number?

JPE: I think that is rather exaggerated. I haven't received this report in my office. If there were such a thing, I would be receiving reports from the Red Cross, the civil groups, the local governments. The Office of Civil Defense will be asked to provide medicine, food, other necessities.

PANORAMA: Recently, there have been a number of political assassinations, so-called salvagings or summary executions. Many of these remain unsolved. Doesn't the large number of unsolved deaths attest to the military's failure to secure peace and order, to prevent the breakdown of law and order in our society?

JPE: Agreed, to the extent that these incidents of killings point to a breakdown of law and order. Precisely, that is the result of insurgency. Now that is the remedy? You cannot stop the clock and withdraw the military and leave the whole place under the control of the insurgents, in which case you might as well surrender the place to them. When you operate against these people (the rebels), they resist and necessarily you have bloodshed, you cannot avoid that. Both sides would have to harm each other.

PANORAMA: Including civilians?

JPE: Now, if there are civilians caught in the crossfire, too bad. That's why you have to move the civilians if you have the time.

PANORAMA: Task Force Detainees says that there have been 1,551 politically motivated executions or salvagings since 1977. It seems that there is a pattern of military men summarily executing suspected dissidents.

JPE: It's possible that military elements in certain areas, having identified persons as members of the movement, take the law into their own hands. But then again, assuming this to be the truth, the question is, who did it and what proof do we have that he did it?

PANORAMA: The mere fact that there have been a number of such executions--does this not necessitate some firmer action on the part of the Armed Forces or of the ministry?

JPE: We have been doing a lot, not only talking to our own people but also taking disciplinary action but only to the extent that the erring persons can be identified. But if you don't know for sure, you have a dilemma in your hands because then if you're going to punish the whole organization for an alleged killing without sufficient proof, your men will say, "fight the insurgency yourself."

PANORAMA: What then is excusable, what sort of deprivation of rights can be justified in a war situation?

JPE: It's very difficult to make a general statement on this, you have to deal with this on a case-to-case basis. I think, if you arrest a person even without a warrant, if he is in the act of committing a crime or if he is in possession of certain prohibited things, I think that is an acceptable act. If you enter the house of somebody (on your belief that someone is inside your house), then it turned out such a person is there, maybe you are also justified although that is debatable. But if you make a mistake in your judgment and nobody's there, you are violating the constitutional rights of the residents of that area.

PASORAMA: That happens quite frequently. Even blackways' residences are not immune to arbitrary searches.

JPE: Well, there are occasions when the churches were searched and we have cautioned our military men not [to] do this because primarily we do not want to offend the religious sensibilities of our people who are very justious in preserving the sanctity of their churches.

PASORAMA: Aside from the military and the insurgents, there seem to be a number of other armed groups, such as pseudo-religious fanatical groups, rebel returnees, or groups like the Last Command which is composed of army deserters.

JPE: That's true, you have in Mindanao, the Tektad, the Kichistak, Kuch Christ, then you have the rebel returnees who are converted into CDRFs [Civilian Home Defense Forces], in Negros Island you have the Salvadore. Each one of those, if you talk to them, have their own story to tell. They claim that they are being assaulted by members of the New People's Army so that they have a right to ask for security. Since we cannot secure them, we organize them into Civilian Home Defense Forces to guard their own villages. If the members of the NPA try to dominate them, they have a right to defend themselves.

PASORAMA: You are people who do things like ritual killings? The Tektads, for example, are reported to chop up their victims.

JPE: No, not that one. I don't know that we have done that.

PASORAMA: From reports we receive, the Black Christ people cut off the ears of their victims, eat their livers.

JPE: I'm not sure we have dealt with the Black Christ. We had a problem with this group way back. In fact, we had them investigated because of the complaints of some people.

PASORAMA: What is the ministry's policy on demonstrations?

JPE: As far as we are concerned, we will allow demonstrations provided they are peaceful and we do not interfere with them as long as they comply with the law and do not inconvenience other members of the community who are equally entitled to enjoy their rights to public facilities. We would never want to have police and military personnel deployed during demonstrations but we cannot do so. Unfortunately, some people like to stage rallies and demonstrations not for the purpose of airing grievances but to create violence. If that happens, you have to expect the presence of military and law enforcement personnel.

PASORAMA: As so far the violence which has occurred resulted not from the demonstrators but from the military and the police.

JPE: Because the demonstrators wanted to get into areas which are considered off-limits. Secondly, they are public disturbances without permits from the municipalities which is, in effect, a violation of our policies that we must respect the law. We must observe the law of the land so that our people these laws may be in our opinion.

REPORTAGE ON CONCERN OVER MILITARY DISCIPLINE

Karew Press Committee

HK060836 Manila Far East Broadcasting Company in English FROM CMT 3 Dec 84

[Text] Acting Armed Forces Chief of Staff Lt-Gen Fidel Ramos yesterday (3 December) formed a military police study committee to look for ways to solve irritants, professional jealousies, and breach of interdepartmental courtesy between soldiers that sometimes result in shoot-outs. Ramos was visibly irked by the rash of violence lately in Metro Manila, where soldiers and civilians were involved in gunbattles. Military officers, led by Brigadier General Pedro Baldonero and (two) brigade commanders, said recent developments putting military men in the spotlight indicated that relationships and delineation of responsibilities among law enforcers, intelligence units in the AFP (Armed Forces of the Philippines) and the police badly need improvement. Baldonero said there should be some regulatory coordination between them, particularly during field operations, to avoid crossways confrontations.

Early last week, agents of the Bureau of Customs and the intelligence service of the AFP figured in a shoot-out in north Manila, near a city hall, killing two PC (Philippine Constabulary) troopers, four women, 17 military men claiming to be members of the PC-Metro Manila (noncommissioned) Presidential Security Command and the National Intelligence and Security Agency. A 12-man team from the Finance Minister's Intelligence Bureau was saving a search warrant on 2 men in Manila.

Another incident was the involvement of agents from the National Intelligence Service group who arrested two men in a shoot-out in Marikina.

RELEASED BY FROM CMT 3 DECEMBER

06061333 Quezon City RFE Television in English FROM CMT 3 Dec 84

[From the "Newsweek" program]

[Text] The Lutasan Committee of Justice, Human Rights, and Good Government will conduct a hearing into military conduct in urban centers on Wednesday next week. In its meeting today the committee said that its Justice General Andres Bono, Justice Secretary (Clifford Calalang), and the head of the Police Department of the Philippines.

Originally the committee was scheduled to conduct an on-the-spot inquiry in Quezon Province in order to minimize expenses of witnesses who would be prompted to come to the Batasan. Meanwhile, the committee also set for next week the consolidation of all recommendations to further improve the draft bill that would govern the holding and conduct of demonstrations.

Batasan Probe Favored

HE071305 Manila BULLETIN TODAY in English 7 Dec 54 p 6

[Editorial: "Probing the Military"]

[Text] There is nothing wrong if the top military command decides to look deeper into the conduct of the military preparatory to a wide-ranging cleanup. The military have, indeed, been taking disciplinary measures all along, albeit with inconclusive results. The difficulty lies in the principle that it is hard to be hard on one's self.

That is one reason for giving weight to investigations conducted by the members of the Batasang Pambansa. One group of lawmakers has finished looking into the Climaco case and the situation in Zamboanga City. A committee has decided to investigate the numerous violations of human rights alleged to have been committed in Quezon and other parts of Southern Luzon.

By probing particular incidents in the provinces, the lawmakers may get a general picture of the behavior of the military and their role in government.

Some people from Mindanao have aired the suspicion that some military personnel there are not sincere in maintaining law and order because if the peace-and-order situation improves they will be returned to the barracks and thereby lose power. That angle should be looked into because if it is substantiated we will know the basis for a new policy.

The Batasan should also look into the situation in Metro Manila. The recent confrontation between agents of the Finance Ministry and some soldiers attached to the Presidential Security Command was scandalous. It seemed as if the disease has reached up to people working for the Office of the President. It was not the first time members of the Presidential Security Command were involved in an ugly incident.

GOVERNMENT PROGRAMS TO INCREASE RICE PRODUCTION, STOCKPILES

Funds for Production Goal

HKD51405 Manila BULLETIN TODAY in English 5 Dec 84 pp 1, 13

[By Willie Ng]

[Text] President Marcos approved yesterday the recommendation of Minister of Agriculture Salvador Escudero III to put up a P [peso] 450 million fund to intensify rice production.

The president wanted a production goal of 300,000 tons of rice in the coming dry season. By next year, there should be a sufficient supply of rice, he said.

He ordered 155,000 hectares of irrigated fields in 20 rice producing provinces to be planted at once to two successive off-season rice crops.

Credit would be given farmers at reasonable rates in special financing schemes, similar to the corn program.

The president said farmers could get loans of P3,000 per hectare at 15 percent annual interest to finance the purchase of seeds, fertilizer, pesticides, and their share of the crop insurance premium.

He enumerated three financing schemes:

1. The Agriculture Ministry will allocate funds to the National Food Authority which will give production loans to rice farmers, accredited farmers' organizations, and corporations engaged in rice farming.
2. The Agriculture Ministry will provide a revolving fund to be administered by the Central Bank. Farmers accredited by the Quezon Guarantee Fund Board can avail of this fund through their bank to give loans to farmers under a forward-selling or contract-growing arrangement.
3. Existing farm loan funds under the Agriculture Ministry and the National Economic and Development Authority now lying idle in the Central Bank can be used for farmers' loans.

The Central Bank can make these life savings available to rural banks as special time deposits to cover 100 percent their exposure. Rural Banks will give loans to farmers without collateral at 15 percent interest.

Of the P400 million of the special rice fund, the President directed that P150 million be drawn from existing funds as follows: P25 million from the special agricultural rehabilitation fund of the MAF deposited with the CR; P50 million from the integrated rural financing fund of the MAF with the CR; and P75 million from the guaranty claims held by the Philippine Crop Insurance Corp. to the Philippine National Bank.

The balance of P250 million would come from additional allocations from the National Productivity Fund. This will be utilized for the SPA Assistance Scheme and the Rice Trader-Miller assistance scheme.

In his recommendation to the President, Minister Encarnacion cited the dwindling credit under the Masagana 99 program as the reason for the growing short-falls in rice production in the past 2 years (except for crop year 1981-82). Arrangements caused many rural banks and PSA branches to become inactive.

This tight credit situation led to the liquidity crunch in the number of farmers financed under the Masagana program from a peak of 200,000 in 1974-75 to only 87,000 in 1983-84.

Rice Stockpile Manager

MANILA, Philippines (UPI) — The government is expected to announce today that it will double the rice stockpile to stabilize the market and reduce the impact of the drought.

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He pointed out that, aside from palay buying, the government buffer stock will be further boosted with the arrival of imported rice from Indonesia and Taiwan early next year.

He earlier disclosed that the government accepted rice offers of 100,000 metric tons from Indonesia and 30,000 metric tons from Taiwan on easy credit terms.

Tanchanco said that the increase of government rice inventory will enable the NFA to inject more rice supplies into the market whenever necessary to stabilize prices.

The availability of minimal rice stocks in government hands and a bigger inventory in the hands of the private sector have resulted in the manipulation of rice supply and prices by unscrupulous businessmen.

Meanwhile, the Ministry of Agriculture and Food (MAF) has geared up for increasing rice production to self-sufficiency levels with the creation by President Marcos of a P450-million special rice fund.

Agriculture and Food Minister Salvador Esquivero III said that increasing rice production primarily through availability of credit is necessary to avert an expected rice deficit.

Likewise, he reported that moves have been taken to contain tungro infestation of rice crops in some parts of the country and that affected areas will be replanted with disease-resistant varieties.

END: 4700/57

AGRICULTURE MINISTER SUGGESTS RICE PRICE RISE

OW101305 Quezon City RPN Television Network in English 1100 GMT 10 Dec 84

[From the "Newswatch" program]

[Text] The price of rice may go up by 15 centavos effective next month if the recommendation of Agriculture and Food Minister Salvador Escudero is accepted by the president. Escudero made the recommendation following a 45-centavo hike in the support price for palay. Luchi Cruz has more.

[Begin recording] [Cruz] By January, a kilo of rice will cost 5.50 [pesos], up from the present 5.35. Even now, price violations are reportedly rampant in the markets due to undue speculation following the announcement of the support price hike for palay.

Farmers oppose the implementation of the new support price before February of next year. They say they will not benefit from it; but instead they stand to lose because they've already disposed of their stock, and now they are going to have to buy it back at higher prices. Millers, on the other hand, expressed their approval of the immediate hike in the market price of rice, because they say this will prevent hoarding and speculation.

Minister Escudero, for his part, announced that it is also possible they may just have to set a guiding rate and step in only when the price gets too high, or they may also opt for absolute deregulation, if feasible. With supply, he said, there is no problem.

[Escudero, in progress]...with 52-day buffer stock, and when we speak of our rice supply, Luchi, we mean the price in the hands of farmers, millers, traders, and the National Food Authority (NFA). I'd like to clarify this, because the role of the NFA is to intervene only when needed, when necessary, but they actually buy only from 10-15 percent of the rice that is available.

[Cruz] The agriculture minister also said that tungro infestation has already been checked and said there is really nothing to worry about because only a small portion of rice hectareage has been affected. This morning, Eli Lilly, a private pesticide company, donated to the ministry some 3.5 million pesos worth of herbicide to be used for transplanted and direct-seeded rice. Later in the afternoon, the ministry and the National Food Authority signed a memorandum of agreement aimed at making available more favorable credit terms for palay farmers. [end recording]

SAKALIN

MILITARY COMMISSIONS TO DISBAND--All five military commissions which were still in existence are to be disbanded as soon as they wind up the trial of their pending cases. This announcement comes from Colonel (Marcelino Sakalina), chief of the Military Justice Division of the AFP (Armed Forces of the Philippines) Judge Advocate General's Office. According to (Sakalina), military courts will be automatically abolished upon completion of the cases pending before them. (Sakalina) said the five remaining military courts are awaiting the trial of cases pending before them. [from the "Newswatch" program] [Text] (Quezon City AFP Television Network in English) [00:00 6 Dec 84]

MARCO'S ON IMPORT, (COW) TRENDS--The country's imports have hit a new high of \$4.4 billion during the past 10 months. According to the president, this strongly shows the national economy's capacity to overcome present difficulties. As for exports, there has been a 20-percent decrease from \$4.4 billion last year to \$3 billion this year, according to the president. [from the "Newswatch" program] [Text] (Quezon City RPN Television Network in English) [00:00 6 Dec 84/94]

VRATA AN-CONFERENCE WITHIN--Opposition assemblyman Ruperto Alano is expected to press the Senate next week to rescind the no-confidence motion against Prime Minister Juan Vinta. The no-confidence motion was signed by all the members of the coalited opposition. It stemmed from newspaper reports which quoted Vinta as saying that some government projects failed because of corruption and the inability of policymakers to determine the viability of those projects. [Text] (Quezon City Maritime Broadcasting System in English) [00:00 6 Dec 84 BE]

U.S. EMBASSY RALLY CANCELLED--A scheduled anti-government rally at the U.S. Embassy failed to materialize yesterday (5 December). The Philippine conferences on human rights, headed by Senator (Paterno Lardizabal), had secured a permit from City Hall for the rally. He said at 1200, uniformed imperial units of the Western Police District, and by Brigadier General Vernon Cabrera, were deployed in front of the embassy. After 3 hours, and with no crowd sighted, the police left. Meanwhile, a nationwide jeepney drivers' strike will be held today. Cabrera did not receive or send intelligence reports on the strike to force the national government to call back dismissed police. Cabrera, however, assured the public that they are prepared to meet any emergency. [Text] (MANILA Far East Broadcasting Company in English) [00:00 6 Dec 84 BE]

RAMOS APPEALS TO YOUTH--Acting Armed Forces Chief of Staff Lieutenant General Fidel Ramos yesterday [9 December] urged the country's youth to consider the things of the past effigy-burning, riots, and vandalism. In a speech opening the citizens' military training at the Quezon memorial circle in Quezon City, Gen Ramos said: Let it not be said that you failed to get proper guidance in your youth, and prove to all that you are capable of meeting the challenges that confront you. He said CMT, or Citizens' Military Training, aims to train youth in the art of soldiery and discipline. Citizenship training trains you to love your country and people and prepared you to be dynamic agents in nation-building. [Text] [Manila Far East Broadcasting Company in English 2300 GMT 9 Dec 84 HK]

OPLE TO MEET MARCOS, CLARIFY REMARKS--Labor Minister Blas Ople is scheduled to see President Marcos today regarding his missions to New York and London where he attended World Bank conferences. Ople is expected to clarify the remarks he made during an interview with the NEW YORK TIMES on the state of the president's health. [Text] [Dagupan City DZDL Radio in Tagalog 0445 GMT 12 Dec 84 HK]

BATASAN RESOLUTION TO PROBE COMELEC--A bill has been proposed by opposition members of the Batasan to institute impeachment proceedings against any commissioners of the COMELEC [Commission on Elections] found guilty of condoning election irregularities. A resolution filed by Member of Parliament Isidoro Real asks that a probe be made of COMELEC's practices regarding elections and the controversies surrounding them. He especially mentioned the 1978, 1980, 1981 and 1984 elections during which many irregularities occurred. According to Real, the people have lost trust in the COMELEC during these past elections. He said he was prompted to pass the resolution because of many complaints received from voters, especially after the 14 May Batasan elections. [Text] [Manila Radio Veritas in Tagalog 0900 GMT 10 Dec 84 HK]

WORLD BANK AGRICULTURAL LOAN SOUGHT--The government will begin negotiations for a \$100 million loan with the World Bank in March of the coming year. According to Economic Planning Minister Vicente Valdepenas, Jr., the loan will be utilized by the agricultural sector. He said it is hoped the loan will be granted 2 months after negotiations end. He added that the loan negotiation package was prepared in connection with the 1984-1987 development plan which places emphasis on the agricultural sector. [Text] [Manila Far East Broadcasting Company in Tagalog 1000 GMT 10 Dec 84 HK]

STATUS OF STUDENT PRESS--The minister of education, culture and sports says the government places no restrictions on students organizing their student councils and putting out their own campus newspapers. The announcement was made in a memorandum sent to the heads of all colleges and universities in the country, saying these are basic rights of students. The announcement was made after reports were received that some educational institutions had placed restrictions on students on this score. [Text] [Manila Far East Broadcasting Company in Tagalog 1000 GMT 10 Dec 84]

GENERAL DENIES RIGHTS VIOLATIONS--In Baguio City, Brigadier General Tomas Dumpit, Ilocos regional unified commander, has described as exaggerated reports of alleged human rights violations in the region. Dumpit told the multisectoral peace and order council that suspects arrested on charges of subversion and rebellion have been accorded due process of law. He said the suspects were shown warrants of arrest and informed on their constitutional rights. He said newspaper reports of alleged military abuses in some towns of Ilocos Sur were highly sensationalized, apparently to erode the confidence of the people in the government. [Text] [Manila Far East Broadcasting Company in English 2300 GMT 7 Dec 84 HK]

ZAMBOANGA POLICE KILL SOLDIERS--In Zamboanga City, three soldiers were killed and another was injured when they were fired upon by a group of constables of the Zamboanga Metropolitan District Command [Metrodiscom]. The shooting took place in front of the Metrodiscom headquarters on Thursday night. Killed on the spot were Army Corporal (Faniador Aquino), Sergeant (Rinaldo Seratica), and Private (Resco Delfin). Wounded was Private (Damater Flores). Southern Command Chief Delfin Castro said that the victims were all members of the 39th Infantry Battalion of the 1st Infantry Division, which maintained an outpost near the Metrodiscom. Castro said the constables claimed that they were attacked, but the soldiers on the other hand said they were passing by the station when fired upon. [Text] [Quezon City Maharlika Broadcasting System in English 0400 GMT 13 Dec 84 HE]

MARCOS CONFIDENT OF STANDBY CREDIT--The country's chances of getting the \$630 million standby credit facility from the IMF has been boosted with the commitment of the country's 441 creditor banks for new loans to the extent of 92 percent of \$925 million. President Marcos made this statement after he was informed by Central Bank Governor Jose Fernandez that the Manufacturers Hanover Trust, chairman of the 11 bank advisory committee representing all creditor banks, had wired him about the banks' favorable action. The president said the commitment of the foreign banks reflects the growing confidence of the international banking community in the soundness and stability of the Philippine economy. Prime Minister Cesar Virata said the IMF executive board will take up the RP [Republic of the Philippines] standby credit request in a meeting tomorrow in Washington, and is expected to approve the loan. Virata is scheduled to leave tomorrow for Paris to attend the Paris Club meeting. [Text] [Quezon City RPN Television Network in English 1100 GMT 14 Dec 84 HK]

IMELDA ON CRIME, SECURITY THREATS--The first lady, Mrs Imelda Romualdez Marcos, yesterday [15 December] called on provincial governors to foster unity in order to bring about the conditions of peace and harmony necessary for the prosperity of the people. Mrs Marcos made the appeal in a meeting held at Malacanang following a briefing given by Brigadier General Victor Natividad, acting chief of the Metropolitan Police Command, on the crime situation and threats to national security. The first lady warned that those who demonstrated under the guise of fighting for freedom, justice, and democracy only seek to replace these principles in the democratic system with a repressive society and godless ideology. She urged the government to be sensitive to

the peace and order situation in their provinces and to work closely with the military in supporting government efforts to augment the problem. [Text] [Manila Far East Broadcasting Company in English 2300 GMT 15 Dec 84 HK]

OPLE VIEWS EMPLOYMENT PROSPECTS--Labor Minister Blas Ople said yesterday [14 December] the employment situation would change for the better in 1985 should the foreign creditor banks approve the Philippine loan application of \$3 to 4 billion for its employment-generating financing and trading schemes. Minister Ople told a press conference that unless such proposed loans are approved, employment prospects will remain uncertain, and there is a need to pray that it becomes brighter next year. He said that unemployment nationwide had remained high for the 9 months ending last September. According to the labor minister, for the first quarter of this year, the unemployment rate was 6.3 percent, while that of the third quarter was 6.2 percent. He also said that from January to September, there were about 41,000 workers laid off, a figure much higher than the 31,000 terminations for the same period of last year. [Text] [Manila Far East Broadcasting Company in English 2300 GMT 14 Dec 84 HK]

MRS MARCOS ON PRESIDENT'S HEALTH--President Marcos' doctors have given him permission to attend a KBL [Kilusang Bagong Lipunan] caucus tomorrow in Malacanang. This was announced by the first lady, Mrs Imelda Marcos, who gave the assurance that there has been a great improvement in the president's health. Mrs Marcos made the announcement before 157 Visayan journalists who called on her in Malacanang. According to the first lady, recent X-rays show that the president's lungs have cleared up and he is well on the road to recovery. The president had contracted a respiratory ailment which required total rest. The scheduled cabinet meeting will discuss the country's economy and the drive to increase agricultural production. Prime Minister Cesar Virata, Central Bank Governor Jose Fernandez and Trade and Industry Minister Roberto Ongpin are expected to give their reports on the status of negotiations with foreign banks. [Text] [Manila Far East Broadcasting Company in Tagalog 1000 GMT 7 Dec 84 HK]

CSO: 4211/12

THAILAND

EDITORIAL QUESTIONS RTA VIEWS ON KAMPUCHEA

Bangkok MATUPHUM in Thai 26 Oct 84 p 4

[Editorial: "The Threat From Abroad and Internal Security"]

[Text] During a lecture on the present situation in Thailand, Lt Gen Wanchai Ruangtrakul, the assistant chief of staff of the army, said that the war in Kampuchea has been going on for 5 years now and no one can expel Vietnam. The war will probably continue for a long time and this will directly affect Thailand. Confrontations between Thailand and Vietnam will become more frequent. As for our attitude toward the events in Kampuchea, we should hold to the following four points: 1. We should recognize the government of Democratic Kampuchea as the legitimate government; 2. We should join in condemning Vietnam's occupation of Kampuchea; 3. The invaders should withdraw their troops from Kampuchea; and 4. The people of Kampuchea should be allowed to determine their own fate.

There is nothing new about the facts and attitudes discussed by Lt Gen Wanchai since the situation or combat front in Kampuchea has not changed during the past 4-5 years. That is, Vietnam continues to maintain a huge force in Kampuchea and another 30,000 troops in Laos. The facts mentioned by Lt Gen Wanchai are things that pose a serious danger to the security of Thailand. The four-point position mentioned by Lt Gen Wanchai is still the correct position for us to take. But it also contains the pain felt by people who love peace and who desire peace for this region. Because even though this is a correct position, to date, the condemnations of Vietnam's invasion and the appeals made to Vietnam by countries throughout the world to have it withdraw its troops have failed to achieve any results.

It is good that Thai officials have constantly been on guard against the danger from abroad. This attitude shows that the army and government have not been remiss in their duty but have made preparations to deal with the danger. However, because of various factors and the actual state of affairs at the present time, the "Federation of Indochinese States," which Vietnam would like Thailand to join along with the Indochinese countries, seems very far from becoming a reality. Lt Gen Wanchai Ruangtrakul

advised that this is a case of Vietnam that is not in accord with the present situation. As for saying to let Thais to become jealous about their land and also nationality, it does not seem necessary to cite such an obvious example.

The Malayan problem has grown from being a regional problem to being an international problem. It is becoming more and more complex. The various conditions to which the various sides are bound are much more difficult to untangle than in the past. As a frontier country, Thailand has to monitor the situation closely. At the same time, it must remain neutral as far as its foreign affairs are concerned even though it is very difficult to maintain total political and diplomatic neutrality in this problem.

However, besides making preparations and being careful about the threat from abroad, something even more important is the matter of internal security. Here, security refers to socio-economic and political security (with a parliamentary system of democracy). Because such security will determine the future of the country, no matter how great the threat from abroad, if we have real internal security, the outside threats will be of little significance.

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1. Laos has charged that Thailand's withdrawal of its forces from the three villages is tantamount to admitting that Thailand does not have sovereignty over these three villages. What this means is that a country that withdraws troops from an area that has been occupied has sovereignty over that area. If such an assumption is valid for Laos territory, it should be valid for other areas, too, such as South Africa, which still occupies Namibia and which still has military forces there. But it is very doubtful whether such an assumption is just or legal.

2. Thailand feels that the problem of the three villages is just a minor border problem that would arise anywhere in the world. It is Thailand's hope that this problem can be solved in a just manner through negotiations. But a third country is using this dispute to benefit its spreading propaganda. This dispute should not pose an obstacle to good relations between the two countries, whose relations are warmly related.

3. Laos has charged that the conflict over the three villages arose following the trip to China by Gen. Kiat Kamlang, the supreme commander. But the fact of the matter is that his trip to China had been scheduled long before this dispute arose. Also, Gen. Kiat had been invited to visit the Soviet Union.

Mr. Jomarat said that at that U.N. Security Council meeting, no statement was issued by the Security Council or by the president of the Security Council. Technically, this matter is still under consideration. But unless a member country asks that another meeting be held on this, the matter will not be discussed again.

The director-general of the Information Department said that Thailand's policy is not withdrawing Thai troops from these three villages, which is being referred to as a troop withdrawal that will result in all contingents being removed from the three villages, is aimed at violating the treaty with the two sides who still abide by such treaty. The purpose of the withdrawal is to show that Thailand wants to solve the problem peacefully and does not want a confrontation. "What we want with this does not mean that we are withdrawing completely our forces from these villages. We want to solve this problem in a proper and just manner. We have recommended that this be considered as a technical problem and both sides have agreed to use the wisdom of the two nations in this discussion. The two sides should withdraw along the line as, if Laos is not willing, it would be happy to establish a Joint Technical Committee to determine the exact location of the boundary. Thailand is willing to move by the decision of this joint committee. We have not refused to do this, will be happy to do this."

A spokesman added that the fact that the Thai villages were not the only involved in other border areas was a technical problem and that the withdrawal of Thai forces from these villages will not affect the relationship of the two sides. The spokesman said that the

does not mean that we are renouncing sovereignty over the three villages. He also talked about the new road that is being built in order to penetrate deeper into Thailand. He said that in building this road, it will probably be necessary to use military troops to protect the road construction officials. Thailand will definitely not allow anyone to interfere with the construction of this road. This new road is not far from the three villages under dispute. The direction of the road has been changed so that it runs toward Bo Bia. The question is whether Laos will send in troops after Thailand withdraws its forces. Thailand feels that that is up to Laos. But Thailand has said that it does not want to solve this problem through confrontation.

Mr Sawanit said that after Thailand withdraws its troops, about 900 of the people in the three villages will move deeper into Thailand. Thai forces must handle this very carefully in order to show that these people were not forced to move. It must be clear that they have moved voluntarily. After they move, administrative officials must help them since they are Thais. Thailand has no objections if foreign organizations want to come help these people.

As for Laos, the director-general of the Information Department said that it set up loudspeakers and urged the villagers in these three villages to move to Laos. But only four families did so. When asked when the villagers began moving, Mr Sawanit said that they began moving when we began withdrawing our troops from the three villages. A reporter asked, won't the three villages be empty if the people move out like this? Mr Sawanit said that we are taking action to withdraw the Thai forces from the three villages under dispute. As for whether Laos sends in troops, that is up to them. We do not feel that this is a matter of a military occupation. And this does not mean that Laos has sovereignty over the three villages. If Laos sends troops to the three villages, we will not drive them out. But this does not mean that we are renouncing any of our rights, said Mr Sawanit in conclusion.

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CSO: 4207/41

THAILAND

REACTION TO MEDIA ON BORDER DISPUTE; LAO MOVES NOTED

Bangkok SIAM RAT in Thai 19 Oct 84 pp 1, 12

[Article: "It Has Been Revealed That Laos Is Magnifying the Border Problem; the Special Branch Division Has Been Ordered to Monitor the Newspapers That Publish Reports On the Three Villages"]

[Text] Minister Chan called a meeting of the government's Public Relations Committee for Special Affairs and said that the press may be to blame for the misunderstanding between the [two] countries. The special Branch Division, in its capacity as Press Officer, has been ordered to take action against the press.

A news report from the Government House stated that on 16 October, the government's Public Relations Committee for Special Affairs held a meeting. The meeting was chaired by Police Lt Chan Manutham, the minister attached to the Office of the Prime Minister. Also at the meeting were officials from various ministries and departments. The meeting was held to discuss various matters concerning the effects of reports that have been published and the effect on the government. This committee wanted to discuss the matter and solve the problem and inform the people in order to improve understanding between the people and the government.

However, at the meeting, people spoke about the reports that have appeared concerning matters between Thailand and other countries and that have made it seem as if there are conflicts between Thailand and other countries such as Laos. If something is not done about this, this could lead to a misunderstanding between countries. Thus, the meeting ordered the Police Department to coordinate things and, in its position as Press Officer, to ask the newspapers to cooperate since they are the source of these reports.

A report from the Central Investigation Bureau stated that on 18 October, Police Maj Gen Phot Bunyachinda, the secretary of the Police Department, sent a note to Police Lt Gen Samoe Damaphong, the commissioner of the Central Investigation Bureau, in order to ask for his cooperation in coordinating things with the Special Branch Division--which serves as Press Officer and as such is responsible for supervising the press--in order to ask the press to refrain from publishing stories about conflicts between Thailand and other countries that could lead to a misunderstanding.

However, the report stated that the main reason for this at present has to do with the dispute between Thailand and Laos over the three villages. This dispute has been brought to the attention of the U.N. General Assembly. If such reports continue to be published, this may lead to a misunderstanding between the two countries.

Yesterday, at the Information Office of Supreme Command Headquarters, Maj Gen Naruedon Detchapradit, the secretary of the army, issued a statement concerning the situation along the Thai-Lao border. Thailand is presently taking continuous political and diplomatic action on a broad front concerning the three villages. It disseminated a White Paper and invited diplomatic officials representing 18 countries in Laos and reporters from both here and abroad to come to Paklai in Sayaboury Province on 7 October and find out the facts about this matter.

Maj Gen Naruedon also said that during this period, violent events have continued to take place in Ban Khok Branch District in Uttaradit Province. Laos has sent reinforcements to Ban Paklai in Sayaboury Province. In particular, in the Thong Village area opposite the three villages, Laos has ordered its troops to try to ambush Thai officials.

"Besides this, Laos is carrying on harassing activities by sending small operations teams to harass our officials. It has also sent armed forces to carry out acts of sabotage in order to hinder construction on the road from Ban Nam Muap to Ban Bo Pia," said Maj Gen Naruedon.

As for the withdrawal of the Thai troops from the three villages, Maj Gen Naruedon said that Thailand did not withdraw its troops. Rather, it has repositioned its forces in order to guard the road construction. "If we 'withdrew' our forces, that would mean that we had invaded the villages. But we did not invade anyone."

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LONG TERM FOREIGN POLICY PLANNING

Bangkok THE NATION REVIEW in English 14 Nov 84 p 4

[Article by Kavi Chongkittavorn]

[Text] **G**ONE ARE THE days when people referred to Thailand's foreign policy as "bamboo" or "willow." Today it is a thing of the past and Thailand's external policy could well be described as "omnidirectional."

Foreign Ministry policy makers take the winning of the two-year non-permanent seat in the United Nations Security Council (UNSC) very seriously. And they have lost no time in attempting to outline exactly what Thailand's role in the council for the next two years is going to be.

When this country assumes its membership in January next year, senior officials will not cease their efforts in a continuing series of diplomatic moves to orientate their friends in the international community — both old and new — with the new and prestigious role the country has been called upon to play.

Both Foreign Minister Siddhi Savetsila and Deputy Foreign Minister Prapas Limprabhandu will travel abroad early next year as part of an ongoing policy to boost relationships with the Third World and socialist countries.

Siddhi will visit Saudi Arabia, Jordan and other Gulf States and after that he will travel to Poland, Czechoslovakia, Romania and the Soviet Union. At the same time, his deputy will zigzag across the South Pacific islands aiming at expanding diplomatic ties and assessing new markets for Thai products. Prapas is tentatively scheduled to visit Papua New Guinea, West Samoa, Solomon Islands, and Vanuatu.

"We have to take the next two years as a golden opportunity for Thailand to assume a global role," said a senior foreign ministry official.

With that in mind, the Foreign Ministry is now busy drawing up a blueprint for a long term strategy to make Thailand's foreign policy more efficient and commensurate with the coun-

try's international standing, which includes recruitment, policy planning, task force and follow-up operations and a programme of action by Thai ambassadors abroad.

The omnidirectional foreign policy comes into being as the result of a maturing of Thailand's stance over the past decade. This is the first time in foreign policy relations, that Thailand feels really comfortable. In the past, due to the political and military security considerations, Thailand chose to ally itself with the US—permitting the Americans to set up military bases here during the Vietnam War — in order to protect its sovereignty and territorial integrity.

Following the overthrow of the Thai military regime by a predominantly student uprising in the early 70s and the emergence of Vietnam as a strong power in the Southeast Asian region, Thailand has graduated slowly, yet surely, despite a series of domestic upheavals that indicated political uncertainty, into calmer sea where its external relations today have achieved considerable stability and continuity.

In the period immediately after 1975, the predominant American presence has been slowly neutralized and Thailand, adopting a cautious policy, has begun to strike a balance between East and West, at the same time avoiding a heavy leaning towards a single superpower. As a senior official observed: "We are a small power, and can ill afford to take sides in a situation that could do us more harm than good."

Only in the recent past has this country been talking about an "international role" — based on the precepts of international peace and security. In the past, its primary concern was regional, the Kampuchean problem in particular. For the past six years, Thailand has had to cope with a constant threat from the Vietnamese military presence in occupied Kampuchea,

which time after time has violated Thai territory and caused a great influx of Kampuchean refugees. It is a fact of history that this burgeoning refugee problem has also drained the resources of this country more heavily than at any period in the past.

Thailand however has emerged from a position of doubt to one of increasing certainty that the internationalization of the Kampuchean problem across its borders has been recognized by the world at large. Thailand with the help of ASEAN has been able to muster diplomatic-political support to oppose Vietnam's illegal occupation of Kampuchea. This has been further strengthened by the massive vote in ASEAN's favour at the current UN assembly on the Kampuchean problem that assures this country of no longer being isolated, and gives it a chance to concentrate on more pressing domestic affairs and improving its external relations as well.

Under the present government headed by Prime Minister Prem Tinsulanonda, the country some two years ago decided that economic improvement, based on policy of increased export and foreign investment, should be the solid basis of its foreign relations with other countries and gave it the highest priority. Consequent on this policy, there was a greater awareness that in order to achieve it successfully, it would be necessary to direct one's attention to a wider field than ever before. Thus the omnidirectional foreign policy has today taken swift shape.

To broaden these relationships, Thailand has slowly begun to reassess its position with the Third World countries, with the object of expanding its market for Thai goods and for political recognition which will be a natural by-product that will accompany a closer relationship with the Third World. The outcome of the Security Council seat was also materially influenced by such relations.

While the changing face of Thailand internationally has been in its favour, and much cementing of the ground for improving it still further has been made, there are corresponding changes under way within the Foreign Ministry at Wang Saranrom itself. It is but natural that such changes have to be effected in order to fit in with Thailand's endeavours to make its foreign policy more effective and efficient.

Last year, the ministry used the entrance examination designed by senior officials, and carried out the examination independently, whereas before it was traditionally conducted by the Civil Service Commission. After the successful candidates are announced, they still have to go through a series of interviews including a two-day session with the recruiting committee comprising senior foreign ministry officials usually at the level of director gen-

eral. Last year, from four thousand applicants, only about forty young people were recruited. Next year, the examination will be tougher, and in the word of a senior official it is designed to test potential young foreign policy makers' knack of specialization and versatility.

To cope with the complexity of international events that the country must take part in, the "task force" concept has been launched in order to get the job done quickly. They are a group of bright young officials hand-picked to be responsible for and overlook a certain project, so that could be implemented more effectively than having to put up with red tape, which is typical in any government organization. However, another idea that has recently surfaced within the ministry is that a permanent task force should be set up like a "think tank" group to study and research new problems and approaches which directly affect the flow of Thai foreign policy.

A new liaison officer's post was also created in October last year to facilitate the work of the foreign ministry and military officials. An informed source said that the post was set up in order to bridge the gap between civilian and military policy makers. "As a military coordinator, he knows whom to talk to and when, and ascertain how a particular issue is affecting the security of Thailand," he said. The so-called politico-military coordinator was given a permanent status last year by the foreign minister. The person who is currently on the job is a senior professional army officer with training in international relations and diplomacy.

Since the international groundwork has been laid, one final step that remains to be taken is the follow-up and implementation. The Policy and Planning Division within the Foreign Ministry will also draw up a plan to follow-up economic and political relations with countries around the world, which would include programmes of action submitted by Thai ambassadors abroad on the manner in which Thailand can improve economic and trade relations, congruent with the reality of each country. Officials from the division have been dispatched to different departments to study, follow-up and implement these policies.

It remains to be seen how Thailand's omnidirectional foreign policy will be received by the international community at large. And still more, whether it will be accepted. Much understanding, an appreciation of what the country is attempting to achieve through it and overall sympathy for such a policy are also paramount.

But one thing stands out. Thailand's foreign policy in its more mature form, has indeed come a long way. But it has a long way to go yet.

TRADE WITH SWEDEN; EASTERN SEABOARD PROJECTS APPROVED

Bangkok THE NATION REVIEW in English 21 Nov 84 p 19

[Text] **THE CABINET** yesterday endorsed a decision of the Eastern Seaboard Development Committee on various projects involving industrial investment and infrastructure.

The first project calls for private investors in downstream petrochemical projects to complete construction of factories on schedule with the production capacity approved earlier. If they fail, the government will consider that they have relinquished their rights to produce the agreed capacity.

A second calls for planning of land use at Laem Chabang for a sea port project by the Port Authority of Thailand, an industrial estate for export-oriented industries and commercial areas to cope with future growth.

The third calls for the formation of a sub-committee on finance to seek financing sources for design of Laem Chabang industrial estate.

Another project is the formation of a sub-committee on finance to explore the

possibility of spending a portion of a loan from the Overseas Economic Cooperation Fund of Japan which is left from the Dokkrai-Mab Ta Put water pipeline, to finance the design and construction of the Mab Ta Put-Sattahip water pipeline project.

The Cabinet approved a basic rate for water supply from the Dokkrai-Mab Ta Put reservoir of five baht per cubic metre, pending a final rate calculated on the basis of operating costs and the life of the pipeline, which will be 30 years.

The sixth project calls for the State Railway of Thailand to receive an 8,300-million yen loan from the OECF to buy rail carriages on the Chaeong-sao Sattahip route. If the SRT faces a loss, the Budget Bureau will compensate.

It instructed the

Port Authority of Thailand to accept a loan of 650 million yen under the Japanese 10th Yen Loan, for design of Laem Chabang seaport under a guarantee by the Finance Ministry.

Deputy Finance Minister Suthee Singhasaneh was assigned to draft the financial outlays for construction of various projects approved earlier.

The Cabinet instructed the Electricity Generating Authority of Thailand to conduct a feasibility study on the construction of a second seaport in Ao Udom, after Siam Transportation and Agency Co Ltd asked for a piece of land to build a deep-sea port on the Eastern Seaboard.

EGAT was also instructed to study the possibility of setting up power units fuelled by coal at Mab Ta Put, if it pursues such a project in the future.

It turned down a request by Thai Shipplate Co Ltd to continue its shipbreaking business at the present location in Bang Saen, which is part of the U-shape in the Gulf of Thailand.

A TRADE and industry delegation from Sweden, led by Swedish Minister for Foreign Trade Mr Mats Hellstrom, will visit Thailand from November 27-30.

The purpose of the visit to Thailand by the Swedish delegation is to promote trade and industrial relations and to further stimulate joint ventures to the mutual benefit of both countries.

Comprising the group of 20 delegates are government officials and Sweden's leading industrialists, who, according to the Foreign Trade Minister, "will make a worthwhile contribution to the advancement of trade and industrial cooperation between Sweden and Thailand."

During their visit here, among other activities, the mission will meet with Thailand's ministers of commerce, industry and foreign affairs as well as the secretary general of the Board of Investment and the National Economic and Social Development Board and the president of the Board of Trade.

The Swedish trade and industrial presence in Thailand is evident by 12 subsidiary companies, and joint ventures such as Alfa-Laval, Electrolux, Swedish Match, ASEA, Ericsson Telephone and Volvo. In addition, there are about 125 Swedish companies represented by agents in Thailand.

Statistics show that total Swedish-Thai trade in 1983 amounted to SKr 745.9 million, of which almost a third (SKr 226.8 million) accounted for Thailand's exports to Sweden. Imports from Sweden were worth SKr 519.9 million.

The 1983 figures show an increase in trade of about 33 per cent from the previous three years' average of about SKr 484 million.

Trade has traditionally been in Sweden's favour, although there is evidence that Thai exports are steadily increasing year by year. In fact, in 1982, Thailand experienced a minor trade imbalance with Sweden, with Thai exports amounting to SKr 201.8 million and Swedish imports amounting to SKr 296.3 million.

However, 1983 saw a trade surplus in Sweden's favour due primarily to the fourfold increase in Thailand's pulp paper imports, and telecommunication equipment imports which increased threefold from 1982.

Major Swedish exports to Thailand consisted mainly of pulp paper, telecommunications equipment, electricity distribution equipment, machinery, iron and steel.

OBSTACLES IN TRADE WITH EAST EUROPE

Bangkok THE NATION REVIEW in English 15 Nov 84 p 25

[Text] DIFFERENCES in economic structures and trade methods are the major factors limiting trade expansion between Thailand and Eastern European countries, a senior government official said yesterday.

Deputy Commerce Minister Phairojana Jayaphorn said that the growing protectionist trend in international trade has compelled developing countries including Thailand to diversify its export markets. "The volume of trade is however still very small and insignificant," he said in his opening remark at the three-day workshop "On Trade Expansion between Thailand and the Socialist Countries of Eastern Europe" at the Bangkok Bank.

He also said that economic structure, trade practices and the elements of uncertainty were major constraints in trade expansion between Thailand and Eastern Europe.

The workshop was organized jointly by the UN Conference on Trade and Development under the Programme of Technical Assistance for Development of Trade (UNCTAD-UNDT) and the socialist countries of Eastern Europe, Foreign and Commerce ministries and the Board of Trade.

Director of Foreign Trade Policy Division Chupong Ungkaphairote said that Thailand's trade with Eastern Europe (mainly Poland, Romania and The Soviet Union) had increased about fourfold during the past decade, from 1,200 million baht in 1974 to 4,800 million baht in 1984. "This constitutes a minor 1.7 per cent of Thailand's total external trade," he said.

Chupong added that Thailand has been continuously suffering trade imbalance with Eastern Europe. However, he also pointed out Thailand enjoyed a favourable trade balance with USSR.

"Trade with the USSR jumped considerably in 1980 because of grain shortage in the country coupled with some political problems with her traditional grain suppliers," he said but adding the trend did not last long.

Thailand, he said, has a weak bargaining

position in trading with Eastern European countries because they are government institutions while Thailand's are private enterprises. The director said he would like to see more private participation and non-interference from Eastern European governments in trading activities without going through a state trading company.

He also said that there was the need to improve information dissemination between Thailand and Eastern Europe. "Prejudices arising out of lack of information still poses a serious barrier to the expansion and diversification of their mutual trade," he said.

The recent trends towards barter deal or countertrade was another effort to increase trade volume between Thailand and Eastern Europe, he said.

He indicated that a number of supplementary instrument could be used in trading with each other such as the technical credit arrangement under which the surplus country is expected to provide credit to deficit country enable them to purchase more goods.

"Another credit arrangement can be designed to provide opportunity for trading partners to pay for imports through exports," the director said.

Thailand wants to export non-traditional products such as footwear, textiles, handicrafts, wood products and processed food to Eastern Europe, he said adding that Thailand could also become a supplier of foodstuff such as grain and tapioca pellet to Eastern Europe.

The workshop is the first of its kind to be held in Thailand in bringing together the Thai business sectors, official and trade specialists from Eastern Europe to exchange views and improve understanding in trade aspects with socialist countries.

The workshop continues today and tomorrow. Topics discussed in the three-day workshop include foreign trade system and practices of Bulgaria, East Germany, Czechoslovakia, Poland, the USSR and Hungary.

POSSIBLE PARTICIPATION IN NAM VIEWED

Bangkok THE NATION REVIEW in English 8 Nov 84 p 4

[Article by Kavi Chongkittavorn]

[Text]

NEVER BEFORE have Thailand's relations with the member countries of the Non-Aligned Movement (NAM) been so strong. This trend began years ago and has been strengthened over the past few months when the majority of NAM countries supported Thailand's candidacy for the Security Council's Asian seat against Mongolia. It is highly possible that these relations will continue to improve as the Third World movement has more and more in common with Thailand's overall foreign policy objectives.

In recent times, NAM has been very much in the news, and upon his return from New York last month, Foreign Minister Siddhi Savetsila wasted no time in giving credit to NAM countries for their part in the Security Council triumph.

The majority did not support Laotian Foreign Minister Phoune Sipraseth's motion condemning Thailand's role in the dispute over three border villages of Ban Klang, Ban Mai and Ban Sawang. Siddhi told the Press here that NAM, on the contrary, had actively helped Thailand in this controversy. Thai authorities believe that the struggle will continue next year when foreign ministers of NAM will meet in New Delhi, as Laos will again surely push its motion, if the Thai-Laotian border dispute remains unsolved.

In the context of whether Thailand should join NAM or not, it is necessary to analyse the strengths and weaknesses of the Third World movement.

There are widely divergent opinions on this issue. Those who are against association with NAM have ample arguments. They say that Thailand has absolutely no reason to be part of the movement, citing NAM's position on the Kampuchean conflict, which has been threaten-

ing Thailand's security on the eastern flank. Voting and resolutions on the Kampuchean problem since 1979, have fallen short of strong condemnation of Vietnam even though the majority are agreed that all foreign forces should be withdrawn from Kampuchea. Furthermore, NAM has been indecisive as to which faction of the Khmer representatives should be recognized in the vacant seat of Kampuchea left unattended since the Havana meeting.

One of the serious flaws of NAM, the anti-NAM lobby argues, is the bickering within the movement over the organization's structural content — focus on international issues — should economics or politics take precedence, ideological conflicts and the problem of consensus taking and factions within the movement. "NAM cannot get itself together," is an oft-heard observation.

Analysts also say that an alliance with this movement would surely antagonize the West and the US, which have been lukewarm towards the movement due to the pro-Soviet slant among members of NAM. In addition, it would also jeopardize the Thannat-Rush communique of 1962, which provides a security umbrella over Thailand in case its sovereignty is violated. No doubt, as Thailand is a frontline state, military officials have been adamant that any change, or nullification of current security pacts with allies is highly undesirable.

A senior foreign ministry official says that he has a different reason for feeling cautious about Thailand joining NAM. Participating in such a big international movement would require a big staff and budget. For better or for worse, the majority of foreign ministry officials are engaged in work concerned with Western countries such as the US and Europe or with ASEAN. The official admitted that there are

not enough personnel to handle the less developed countries because the foreign service has traditionally been geared toward regional groupings and developed countries of the Western democracies. "The problem is of an internal rather than an external nature," the official said. Finance is also a crucial factor restricting Thailand's international activities, especially those dealing with less developed nations.

On the other hand, observers point out that as NAM is a highly polarized international forum, it would be difficult for Thailand to maintain its foreign policy stance. They cite Burma as an example of a neutral nation which was so highly frustrated by the indecisiveness of NAM policies, that it decided to quit the movement. The argument is also centred on whether "Thai-style diplomacy" can really persuade the poor countries and influence them to take a more conciliatory position on various global issues. They also say that non-aligned countries do not take Soviet intrusions within NAM seriously — something that would jeopardize the proclaimed neutrality.

When it comes to reasons why Thailand should take the bold step of joining NAM, observers say Thailand, with a Security Council seat, should keep the momentum going. Along with India, another Asian country in the council, Thailand could contribute in bringing Third World problems — also one of the prime concerns of the movement, into more prominent focus at the UN. A diplomat from a NAM country said Thailand's foreign policy objective was to represent the small and underdeveloped countries. The diplomat said, "Why wait? Thailand has a lot of opportunities to do just that now by becoming part of the movement."

He said that in the past Thailand's ties with NAM countries had been expedient and sporadic. "This is a golden time for Thailand to prove its concern for the Third World," the diplomat said.

Those who want to see Thailand become a NAM member say that in recent years the movement has shown its pragmatism by turning radically from the pro-Soviet stance ever since the Havana meeting, towards a more neutral course. Even the West has said that the movement, of late, has been moderate — even though NAM still does criticize the US. The balance was exemplified by efforts from countries such as Yugoslavia, India, Nigeria, which steered a very careful course with effective diplomacy.

In addition, they say Thailand already has credibility with the international community for being a peaceful, neutral country which has not fought any major war in its modern history.

Furthermore, the country does not follow anyone's lead blindly.

Given the diverse social and economic systems within NAM, Thailand as a member would be able to expand relations with a number of individual countries, commercial contacts in particular, which would benefit Thailand as well as less developed Third World countries such as those in Latin America and Africa. It is also very much an axiom of Thai foreign policy to increase economic and trade ties with small Third World countries. Both Siddhi and Deputy Foreign Minister Prapas Limpabhandu have been trying to forge close relations with these countries in recent years. For example, upon his return from an African tour earlier, Prapas said that there was great potential in that part of the world for commerce, what was required was our understanding of their needs and markets.

The problem of the ongoing Kampuchean conflict, the vacant Kampuchean seat in particular, will again be the main focus during the NAM foreign ministers meeting next year. Given the importance of this problem and its impact on Thailand and regional security and interest, it would be more beneficial than harmful for Thailand to participate directly in presenting its case in the NAM forum and stressing Thailand's concerns over the conflict. If one runs down the list of NAM countries, the majority have expressed full support for the principles adopted by ASEAN in the search for a lasting settlement in Kampuchea, with the exception of a few hard-core countries like Afghanistan, Cuba, Ethiopia and South Yemen. Thailand, in fact, has been successful in the past in outlining, explaining and defending its position to the world community as exemplified by the recent Thai-Laos border disputes. As a member of ASEAN, Thailand can also make the ASEAN presence in NAM felt much more directly and forcefully.

It is a Thai tradition to promote peace and regional and global cooperation as a means of resolving conflicts. This was also a prime factor in Thailand's successful bid for the UN Security Council. A senior Foreign Ministry official hailed the victory as "an endorsement of Thai foreign policy." Given this, in the years to come one thing is certain — Thailand will have to deal with the vulnerable Third World, problems like East-West rivalry, North-South relations, disarmament issues and a host of other problems, which are allied to the expanding role of Thailand in the world community. This also partially stems from the maturity of its foreign policy and its standing in the world.

It is important that Thailand proves to the world that obtaining its UN Security Council seat was not a quirk of fortune, and that the

professed policy objective that this country wants to represent the small and poor Third World countries and work for a better world is not mere lip service.

The challenge is here. Thailand can gain more than just spasmodic support from NAM. It can be a meaningful friendship sharing the same prospects and problems – based on the shared aspirations on political and cultural differences between them. Thailand as a NAM country can also be a moderating influence within the movement.

Furthermore, opportunities abound for our country to encourage peaceful development in this region through sensitive, sympathetic and predictable policies which can redound to the credit of this country.

CSO: 4200/225

JUDICIAL COUNCIL MEMORANDUM ON SHARE FUNDS

Bangkok MATICHON in Thai 24 Oct 84 p 3

[Article: "'Secret' Memorandum of the Judicial Council on Drafting a Regulation on Prohibited Share Funds"]

[Text] The following is a memorandum of the Office of the Judicial Council on a Draft of the Regulation on Financial Activities That Pose a Danger to the Economy. The Ministry of Finance drafted this regulation and submitted it to the cabinet. The cabinet passed a resolution to have the regulation forwarded to the Office of the Judicial Council for detailed consideration. After the Office of the Judicial Council discussed this, it sent a memorandum to the cabinet. The matter is now being considered by the cabinet. Many people are interested in this draft regulation because it would put an end to various "pyramid-type" funds such as the Mae Chamoi and Mae Nok Kaeo share funds, which have been in operation for a long time now.

The cabinet issued a resolution approving, in principle, the "Draft Regulation on Financial Activities That Pose a Danger to the Economy." It sent this regulation and the cabinet's observations to the Office of the Judicial Council to have it examine the matter in accord with top secret, urgent Letter 0203/12330 of the Secretariat of the Cabinet dated 17 September 1984.

The Office of the Judicial Council has had the Judicial Council (Draft Law Committee No 6) examine the draft regulation. The draft regulation and the observations of the Judicial Council (Draft Law Committee No 6) have now been returned.

Because this draft regulation is of great importance, because many people are interested in this and because this may have an effect on the political and economic situation, the Office of the Judicial Council would like to make the following observations for consideration by the cabinet:

1. The Draft Regulation on Financial Activities That Pose a Danger to the Economy is composed of two parts:

This draft regulation can be divided into two parts. The first part prohibits activities that the draft regulation refers to as "informal capital mobilization." The second part prohibits activities that the draft regulation refers to as "pyramid-type schemes."

There are just three provisions in the draft regulation that concern "informal capital mobilization," that is, the section of definitions (article 3), the section that prohibits such activities (Article 4) and the section that stipulates penalties (Article 10). The other sections (altogether, there are 17 articles) all concern "pyramid-type schemes" and general provisions dealing with the powers of officials and so on.

2. Differences between the two parts in the draft regulation:

The first matter that needs to be discussed is whether the two parts, that is, the part on "informal capital mobilization" and the part on "pyramid-type schemes," should be combined in a single regulation.

The Office of the Judicial Council feels that "informal capital mobilization" and "pyramid-type schemes" are quite different and that it might be better to deal with these in separate regulations.

Engaging in activities to "mobilize capital informally" is not a "real criminal offense (crime)." Rather, this is a type of activity that the law would like to curtail. Thus, the law has proscribed this. On the other hand, "pyramid-type schemes" are "real criminal offenses" since those who engage in such activities (and those who know what is being done) are intentionally trying to defraud the people. They are trying to profit from the actions of people who hope to receive a higher rate of interest than normally possible. They do this even though they know that in the future, many people will lose the money invested. The people who will profit include those who borrow money from associates. Thus, these two parts will be discussed separately as follows:

A. The provisions in the draft regulation that concern "informal capital mobilization" should be provisions that fill in the loopholes in the "Law on Engaging in Finance, Securities and Credit Foncier Activities." This law makes provisions for controlling these three activities (with each of these activities divided into various types). However, in practice, large financial transactions are engaged in but the money is not used in activities controlled by the law. Thus, the Ministry of Finance wants to prohibit large transactions (more than 50 depositors and a surplus at any one time exceeding 10 million baht).

Thus, while "informal capital mobilization" is not a criminal activity, it is something that the law has prohibited in order to bring money into the [official] system. These provisions should be included in the

Law on Engaging in Finance, Securities and Credit Foncier Activities. The Ministry of Finance would be the only ministry responsible for upholding this law. Or these provisions could be included in the (draft) law on participating in share funds (which is now being considered by parliament).

B. The provisions in the draft regulation that concern "pyramid-type schemes" are provisions that deal with acts of fraud in accord with articles 341¹ and 343² of the Criminal Code. Because in these activities, the people engaged in this know beforehand that some depositors will lose their money. The people who profit are the ones who borrow the money or the ones who start the scheme. (It is not their intention to defraud a particular person. Their purpose is to make money from people in general.) In a similar case in the past, the court punished the perpetrator (court case 1201-1202-1203/1955 against Mr. Umrin Chintanon, who was sentenced in accord with Article 304 of the Criminal Code (original)³). Thus, today's problems concerning borrowing money from people in this way have not arisen because of lacking laws that stipulate penalties. We have such laws. The problem has to do with the state apparatus and with the methods of determining guilt in criminal cases. These methods cannot be used effectively in cases of fraud involving loans.

Thus, the laws, such as laws that stipulate penalties, must be revised so that they can deal effectively with such crimes. This can be done by defining illegal "activities" in more detail in order to reduce the amount of discretion allowed officials. At the same time, a law should be enacted on "questioning witnesses" of both the prosecution and the defense. The court should then be the one to decide what is true in accord with the law.

As for violations that this draft regulation refers to as "pyramid-type schemes," besides involving loans, these are criminal offenses involving fraud. This is the responsibility of the Ministry of Interior (Police Department). Thus, drafting a special law to deal with criminals who borrow money with intent to defraud (pyramid-type schemes) should be the joint responsibility of the Ministry of Finance and the Ministry of Interior. It should not be the responsibility of just the Ministry of Finance, as is the case with "informal capital mobilization" activities.

3. Enacting a separate law for "pyramid-type schemes:

For the reasons mentioned above, the Office of the Judicial Council feels that a separate law should be enacted to deal with pyramid-type schemes. And actually, pyramid-type schemes are not business activities. Rather, such schemes are methods of profiting by defrauding people in general as was discussed above. Because in the end, many of those who loaned money will lose their money. The government will not be able to help them recover their money since there are also many people who profited, including people who had dishonest intentions from the very start and honest people who hoped to profit in an improper way.

In order to facilitate the deliberations of the cabinet, if the cabinet thinks it appropriate, the Draft Regulation on Financial Activities That Pose a Danger to the Economy can be altered by removing those sections (three articles) that deal with "informal capital mobilization" and leaving only those sections that deal with "pyramid-type schemes." Thus, the Office of the Judicial Council has drafted a Royal Decree on Loan Activities That Defraud the Public for the consideration of the cabinet. This was done by revising and supplementing the provisions of the draft regulation as shown in the draft decree sent as an attachment to this memorandum.

The Draft Decree on Loan Activities That Defraud the Public is a new "set of principles" that the cabinet has not discussed or approved. In addition, this must be reviewed by the government sectors responsible for implementing the decree and carrying out things in accord with the law, that is, the Ministry of Finance and the Ministry of Interior (if the cabinet gives its approval in principle). Thus, at this stage, the Office of the Judicial Council will discuss only the "important principles" of this draft decree.

A. The Draft Decree on Loan Activities That Defraud the Public clearly stipulates what constitutes an illegal activity (draft Article 4) by describing illegal activities in a manner similar to Article 341 of the Criminal Code. Besides this, the "words" used in stipulating what constitutes a violation are defined in such a way as to prevent "evasions" of the law (draft Article 3).

B. In addition to the prosecution activities of officials normally involved in the prosecution of criminal cases, this decree gives the director-general of the Revenue Department the authority to conduct an initial investigation in cases in which loans have been made at a rate of interest higher than normal. The director-general of the Revenue Department has been given this authority because it is felt that this involves the collection of taxes. When it appears that such loans involve fraud, the director-general is to turn the matter over to investigation officials (draft Article 6). The "results of the action taken by the director-general of the Revenue Department" are to be made use of in the "initial assumption" of guilt (draft Article 5). This will help increase efficiency in suppressing fraudulent loan activities (draft Article 4).

C. The "assumption" (draft Article 5) clearly stipulates that the prosecutor is to "call witnesses." At the same time, it also stipulates that the defendant, too, is responsible for "calling witnesses." As for both the prosecutor and the defendant being responsible for calling witnesses, the witnesses should be questioned in a positive way rather than a negative way.

D. In order to help people who make small loans, the state (prosecution officials) has been empowered to use the bankruptcy laws to call a meeting of creditors and divide the assets fairly (draft articles 13 and 7).

4. Summary:

The Office of the Judicial Council would like to state that the fact that it has been necessary to draft a "special law" on this indicates that the tax collection apparatus and the criminal justice system have weaknesses. (In developed countries, the normal apparatus in these countries is capable of solving these problems without having to promulgate a special law.) This is something that should be studied further.

As for the urgent matter of whether this law should be promulgated in the form of a royal regulation or a royal decree, this is a policy problem for the cabinet to resolve.

The foregoing was for your information and consideration.

Mr Amon Chantharasombun
Secretary of the Judicial Council
October 1984

FOOTNOTES

1. Article 341: Whoever intentionally deceives another person by giving false information or concealing facts that should be disclosed and who, through such deception, obtains property from the person deceived or a third person or causes that person or a third person to make, withdraw or destroy legal documents is guilty of fraud and may be imprisoned for up to 3 years, fined up to 6,000 baht or both.
2. Article 343: If a violation is committed according to Article 341 by giving false information to the people or by concealing facts that should be revealed to the people, the guilty person may be imprisoned for up to 5 years, fined up to 10,000 baht or both. If such a crime is also of the type mentioned in one of the paragraphs of Article 342, the guilty person may be imprisoned for 6 months to 7 years and fined 1,000 to 14,000 baht.
3. A defendant who persuades others to deposit large sums of money with him by promising to pay a return of 50 percent a month even though he knows that he will not be able to pay such an amount is guilty of fraud.

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CSO: 4207/43

DEPOSIT, LENDING RATES TO DROP SOON

Bangkok THE NATION REVIEW in English 14 Nov 84 p 17

[Text] **COMMERCIAL** banks will soon reduce interest rates on both deposits and lending by one percentage point after the Bank of Thailand cut its loan rates to the same level yesterday. The new rates went into effect immediately.

Meanwhile, commercial banks reported a sharp increase in the supply of baht currency in the market after about US\$200 million were sold to banks following the devaluation of the baht by 14.8% on November 5.

Excess liquidity at commercial banks has grown to 12,000 million baht due to increasing inflow of foreign loans.

The central bank cut down its loan rates for commercial banks by one percentage point. By this, interest rate for the first tier borrowing is 12% while the second tier rate is 13.5%.

The reduction followed an instruction of the Council of Economic Ministers Monday as the government wants to alleviate financial hardships in the private business sector whose higher production and operating costs will increase inflationary pressure.

The central bank, at the same time, announced that the exchange rate for the baht and US dollar will be based on the average initial spot rate of last week to assist exporters. It means that exporters will trade at slightly over 26 baht for one US dollar.

Director of the central bank's Banking Department, Mr Rerngchai Marakanonda, said that reduction of the loan rates will encourage commercial banks to further cut down their lending rates. This will also decrease excess liquidity.

Major banks have already reduced their minimum overdraft rate and minimum loan rate by one half percentage point to 16.5% per annum.

Some have also reduced their repurchase and interbank rates. Further reduction will help the private business sector because the country is approaching export and festive season.

Rerngchai said the central bank sent a circular to commercial banks yesterday.

Meanwhile, Thai Farmers Bank's chief of the Fund Management Office, Mr Kulthorn Nakprom, said that liquidity has sharply increased by 5,000-6,000 million baht to 12,000 million baht.

He expected that commercial banks will reduce both deposit and lending rates by one per cent. "However, commercial banks are becoming more competitive and they have to hold consultations soon," he added.

A banking source said the cut in deposit and lending rates may be as early as this week.

Kulthorn said that there was heavy selling of US dollar to banks. As a result, the banks found themselves with sharp increase in their net foreign position which has to be sold to the central bank as soon as possible. Commercial banks are not allowed to hold foreign currency holdings over 20% of their capital funds.

The Thai Bankers' Association released a report on domestic financial situation yesterday saying that deposits in September rose 6,093 million baht while lending totalled 4,673 million baht. The loan and deposit ratio dropped from 95.8% in August to 95.5% in September.

It showed that commercial banks faced 13.2% increase in deposits while lending grew only 12.5%.

The TBA report said that excess liquidity is expected this month. Though it is the beginning of the annual export season, there won't be high loan demand as prices of agricultural commodities are on the downward trend. Traders are not keen to buy crops for stockpiling. As a result, loan demand in this sector will not be as high as it should be.

The report said that growth in deposits this year will be 70,000 million baht, which is similar to last year. The TBA expects that lending growth will not exceed 18%.

"Commercial banks are facing high-liquidity problems though the central bank sold bonds worth 4,000 million baht to banks in October. The high liquidity was attributed to low loan demand," the TBA said.

The loan demand was due to more borrowing from abroad by large business firms because international interest rates are much lower. The Eurodollar rate has dropped nearly two per cent from August.

There has been decline in retail business because traders refuse to accept post-dated cheques. Moreover, due to low inflation rate, the real interest rate is at a very high level. This has encouraged people to deposit funds in banks rather than investing in business, the TBA said.

CSO: 4200/225

UNIFORM LPG PRICE DUE

Bangkok THE NATION REVIEW in English 13 Nov 84 p 25

[Text] **THE Petroleum Authority of Thailand** said yesterday that a uniform retail price for liquefied petroleum gas (LPG) will be adopted in the middle of next year while import controls on LPG will be announced in March because the first gas separation plant has already been commissioned.

PTT Governor Dr Thongchat Hongladaromp said that gas receiving equipment will also have the same standards because there will be higher pressure for LPG which will have 70% of propane instead of 30% at present.

The gas separation plant has started its operation since November 7 and it is running smoothly. Its gas intake ranges between 50-60 million cubic feet per day and will increase to 100 MMcf on December 15, after which it will be shut down for a brief period.

"Actually supply will begin in March because adjustments will be needed," he said.

The government has already announced that LPG imports will be controlled now that domestic production is sufficient. "The controls will enable consumers to have uniform retail price nationwide. Provincial consumers will have cheaper price because at present they have to bear transportation costs," Dr Thongchat said.

He pointed out that prices in Chiang Mai, Udon Thani are different from those in Bangkok due to high transportation cost. "There will be only one price next year when we complete the marketing terminals," he added.

At present, the PTT produces LPG with propane and butane in the ratio 50:50. "But when the trial run of the gas plant is completed, the ratio of propane will rise to 70% and there will be higher pressure in gas cylinders. The heating value will remain unchanged," Dr Thongchat said.

Some LPG cylinders of major traders such as Shell, Esso, may not meet the PTT standards and they will have to be replaced. "We want the public to be aware of the need to replace their cylinders to ensure safety," he added.

Existing importers will in the future have to

buy LPG from the PTT. "If we cannot supply enough, they can import from abroad, but there must be mixing to maintain standard pressure level. It is also possible for PTT to buy from local refineries, but LPG from refined crude yields 70% butane and 30% propane," he said.

The gas separation plant will have a small profit in the initial stage as expected earlier. "We expect the rate of return to be 15%, but it remains to be seen if this can be achieved. This will be clearer when chemical fertilizer and petrochemical plants are in operation during the next 3-4 years," he said.

Meanwhile, Director General of the Commercial Registration Department, Mr Charae Chutharutkul, said the Commerce Ministry will control LPG imports at 20,000 tons per month.

"Another thing is that there will be no change in LPG price as long as the world crude oil prices remain unchanged," he said.

At present, LPG imports amount to 33,000 tons per month while domestic production is 13,000 tons.

Charae said that the marketing margin for LPG will be about 58 stang per kg for retailers and filling stations which is equal to the margin for premium gasoline. About 70 stang per litre will be contributed to the Oil Fund by premium gasoline.

The government will have to pay 2.40 baht per kg as subsidy used for cooking gas, while LPG for vehicles will remain unsubsidized, Charae said.

LNG PLANT AGREEMENT

Bangkok THE NATION REVIEW in English 17 Nov 84 p 17

[Text]

FOUR giant Japanese trading firms which are partners in Thai LNG Co Ltd will sign a final agreement in January on a multi-million baht natural gas liquefaction plant, now that the Thai government has made clear its policy on gas exports.

Thai LNG's Chairman of the Board of Director Kraisi Chatikavanij told *The Nation* that the government's decision has boosted the confidence of the Japanese firms, which include Mitsubishi Corp, Mitsui & Co Ltd, Sumitomo Corp and Marubeni Corp.

They are also more confident following assurances from Union Oil Company of Thailand that the company can boost daily gas supply to 450 million cubic feet next year.

Executives of the four Japanese firms were in Bangkok on November 14 for talks with the Thai side and a lot of progress was achieved.

Kraisri said after the final agreement on the joint venture is signed in January, the company will spend about 20 million baht on a consulting firm to conduct a feasibility study on this project.

The Cabinet in early October approved a draft agreement for Thai LNG Co Ltd to sign with the four Japanese firms. The draft accord will also give Thai LNG the sole rights to produce and export LNG.

"They are also satisfied with the sole rights for Thai LNG, which will get 100% promotional privileges and other incentives from the Board of Investment. Furthermore, the company will

have full cooperation and support from all government units concerned for quick implementation of the project," Kraisri said.

There had been little confidence among the four over the extent of government support, natural gas reserves and other points.

Now that Union Oil can confirm increased supply, the project will be more comparable to the reserves of Texas Pacific Thailand Inc and Esso Exploration and Production Khorat Inc, he said.

"The company will invest heavily in the project and these factors are vital to its viability. There is also an assurance that the accord will not be terminated after 10-20 years," he said.

The Thai side holds 60% of equity in Thai LNG with the remainder for the four: Mitsubishi and Mitsui each with 35% while Marubeni and Sumitomo with 15% each.

They will form a joint venture company with paid-up capital of \$430,000. The firm will be joined by Thai LNG with its paid-up capital of \$250,000.

Under the draft accord, Thai LNG will have the sole right to produce, transport and supply LNG to foreign buyers and the right will never be suspended or revoked.

Kraisri said that the feasibility study will take two years, and will cover marketing, natural gas reserves and internal rate of return on investment.

"There are still some minor points to be ironed out between us and the Japanese firms. This is natural because the project needs billions of dollars of investment. But I have informed them that they cannot expect too many details because this industry is still very new to Thailand," he said.

He pointed out that Mitsui Group has a thorough knowledge of Thailand's energy position, particularly natural gas, because it is a partner of Unocal.

The Japanese demand for LNG has been fulfilled since the year 1990 and it will take years for Thailand to build liquefaction facilities, LNG carriers and the Japanese side to build LNG receiving terminal.

If this project materializes, it will be a big step for Thailand in narrowing the deficit in trade with Japan.

Kraisri said Thailand's tentative target for LNG export is three million tons a year. Japan is the only potential market for Thai LNG in this region because South Korea's demand has been covered under long-term contracts with ASEAN exporters, which also supply Japan.

NAVY COSTS TO RISE BY 600 MILLION BAHT

Bangkok THE NATION REVIEW in English 10 Nov 84 p 5

[Text]

THE DEFENCE bills of the Royal Thai Navy will go up by 600 million baht this year as a result of the baht devaluation, Navy Commander-in-Chief Adm Nipon Sirithorn said yesterday.

And he welcomed a report in *The Nation* that the Finance Ministry is seeking loans of 3,000 million baht to compensate the armed forces for the losses caused by the monetary measure.

Speaking to reporters in an interview, Adm Nipon said he had ordered his staff officers to conduct a budgetary assessment following the announcement of the baht devaluation and they found that the

bill for defence developments of the navy will rise by 600 million baht this fiscal year.

About 213 million baht will be for expansions of the naval defence capabilities, he said.

He said the devaluation will inevitably affect the navy's plans to build more vessels and acquire new weapon systems.

Nipon, who is one of the signatories to a letter submitted to Premier Gen Prem Tinsulanonda demanding a Cabinet reshuffle, said he still respect the premier.

"Gen Prem is a former soldier and was our superior. All the soldiers in the three armed forces still love and respect him, es-

pecially for his honesty and sincerity," he said.

Adm Nipon was responding to a question whether it was true that four high-ranking military men, including himself, met Gen Prem on Friday to declare their loyalty.

"The armed forces and the government share the same objective in this matter," he added. "That's national security."

The four officers were among the five signatories to the letter which was endorsed by Supreme Commander Gen Arthit Kamlang-ek.

Adm Nipon, however, refused to discuss details about their meeting with the premier.

CSO: 4200/225

DEVALUATION HELPS WORKERS ABROAD

Bangkok THE NATION REVIEW in English 7 Nov 84 p 19

[Text] THAI labourers working abroad will benefit from the baht devaluation by as much as 3,500 million baht a year, said Secretary General of the National Economic and Social Development Board, Dr Snoh Unakul.

This is among the positive results of the baht devaluation and the additional income of workers will help their families which are mostly poor, he said.

Other sectors to benefit from the baht devaluation are exports and tourism. NESDB, he said, will speed up plans with full coordination with other government units for the country to get the optimum results.

He pointed out that the devaluation was necessary to make the baht exchange rate more flexible, bringing it in line with the needs of the country and the world's economic and monetary situation.

The devaluation, he said, has brought the baht value to realistic level and paved the way

for the government to tackle the trade deficit problem. "In the past, we had pegged the baht with the US dollar, making it overvalued which hurt our exports," he said.

Dr Snoh, however, admitted that adverse effects on various sectors were natural but he assured that the government will try its best to cushion the impact by exercising control on oil prices and essential goods.

The Finance Ministry, he said, also plans to reduce import duties and personal income tax. "When the baht value has reached realistic level, there will be more flexibility which in turn would be more favourable to investment, production and trade in the future."

When asked whether the devaluation was excessive and would affect the Fifth National Economic and Social Development Plan, Dr Snoh said the new value is most realistic.

"The devaluation, as of now, will affect certain projects under the Fifth Plan. I have already instructed officials concerned to study all details which will be available soon," he added.

CSO: 4200/225

CAREER AMBASSADORS PROFILED

Bangkok THAI RAT in Thai 24 Oct 84 p 4

[People today column]

[Text] Chet Sucharitkun, the Thai Ambassador In Canberra

He is the son of Phra Phibun Aisawan, a former justice official. He was born on 13 April 1934.

He attended primary school at the Nanthon Suksa School. He attended lower secondary school at Wat Nuannaradit and then transferred to Maha Wachirawut in Songkhla, the same school attended by the prime minister. He transferred to that school because his father was transferred to that region. However, he completed upper secondary school at his old school, Wat Nuannaradit.

He studied law at Thammasat University and literature at Chulalongkorn University simultaneously. But later on, he decided that it would be best to focus on law and so he gave up his study of literature. He graduated from Thammasat with a degree in law and was admitted to the bar that same year.

He received a scholarship from the French government to continue his law studies there, where he earned his doctorate.

He began his government service with the Ministry of Justice, serving as an assistant judge. He then became the judge at the Songkhla Provincial Court. Later on, he resigned in order to enter the Ministry of Foreign Affairs.

In his first position abroad, he served as the First Secretary in Indonesia. He was then transferred to Switzerland. He was promoted to C10 and made the ASEAN secretary of Thailand.

He served as the Thai ambassador to Singapore for 4 years. On his return to Thailand, he served as the director-general of the Information Department,

in which capacity he served as the spokesman of the Ministry of Foreign Affairs. He is presently serving as the Thai ambassador to Australia in Canberra.

Princess Sirinthon is visiting Australia during the period 17-29 October and so he is busy coordinating things to ensure that things proceed smoothly.

He has brothers who are well known in diplomatic circles. For example, Sompong Sucharitkun is the Thai ambassador to Italy, and Rongphet Sucharitkun is the Thai ambassador to Indonesia. His wife is Nilawan "Suriyothai." They have one son and one daughter.

Rongphet Sucharitkun, the Thai Ambassador in Jakarta

He is the son of Phra Phibun Aisawan, a former justice official. He was born on 30 January 1934.

He attended secondary school at Suan Kulap Withayalai, the same school as the prime minister. After completing Grade 12, he studied literature at Chulalongkorn University and law at Thammasat University. But after only 1 year, he received a Civil Service Commission scholarship to study at Oxford University in England, where he received his bachelor's and master's degrees in law.

He was admitted to the bar in England and then earned his doctorate in France.

He began his government service with the Ministry of Foreign Affairs, serving as the Second Secretary with the International Organization Department. In his first position abroad, he served as the Second Secretary in Singapore. He then served as the First Secretary there before being transferred to Australia. Later on, he was promoted to C10 and made the director-general of the Treaty Department.

He served as the Thai ambassador to the Netherlands and was then made the ambassador to Indonesia, the position that he holds today.

During Princess Sirinthon's visit to Indonesia during the period 2-16 October, he coordinated things to ensure that things proceeded smoothly.

He has brothers who are well known in diplomatic circles. For example, Sompong Sucharitkun is the Thai ambassador to Italy, and Chet Sucharitkun is the ambassador to Australia.

His wife is Wina "Phonnikon," the daughter of Wong Phonnikon, the former undersecretary of the Ministry of Foreign Affairs and the present deputy minister of industry.

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CSO: 4207/42

THAILAND

ARMY SECRETARY NARUEDON PROFILED

Bangkok MATICHON SUT SAPADA in Thai 28 Oct 84 p 42

[MATICHON Profile column: Maj Gen Naruedon Detchapradit, the secretary of the army"]

[Text] He was born on 12 May 1937 in Bangkok Metropolitan. He is the sixth of the seven children of Gen Detcha and Lady Chalaem. His older brother, who was an air force officer, has died. And so he now has four older sisters and one younger sister.

He attended Suan Kulap School, where he completed lower secondary school. After that, he entered the Army Preparatory School, Class 15. He then entered Chulachomklao Royal Military Academy, Class 8.

Fellow classmates who are now well known include Col Wattana Bunyasit, Col Phet Wonphuti, Col Nanthit Malaiarisun, Col Wattana Sanphanit, Col Karun Chaimuonwong, Police Maj Gen Sawat Amonwiwat and Police Maj Gen Sanong Wattanangkun.

He began his military service as an artillery platoon leader with the 101st Battalion at Lopburi. After that, he fought in Laos and then became an administrative officer at the Chulachomklao Royal Military Academy.

Two years later, he took the battalion commanders course in the United States. He was then sent to Vietnam. On his return to Thailand, he served for a period with the AAA (Division). He was then appointed assistant secretary of the army. At that time, Maj Gen Wichit Bunyawat was the secretary.

He held this position for 5 years. He was appointed secretary of the army in October 1981 when Gen Prayut Charunni was the RTA CINC.

He is small physically but he is courageous and he has always been a "fighter." Normally, he does not say much, preferring to listen and act. A prominent characteristic is his great hatred for the communists.

During his tenure as army secretary, he has performed public relations duties and carried out tasks for his superior, that is, Gen Athit Kamlangek, the supreme commander and RTA CINC. He has done a good job and earned the trust of his superiors.

Recently, he has been involved in a fierce dispute with Mr Piyanat Watcharaphon, a Thai Nation Party MP from Sisaket Province, about a military and political matter.

His wife's name is Phansom. They have three daughters. His favorite sport is badminton. But he does not have much time to play.

11943

CSO: 4207/42

UNION LEADER PROFILED

Bangkok THE NATION REVIEW in English 18 Nov 84 p 10

[Text]

ONE OF THE most powerful labour unions behind this week railway strike, which dragged on for more than a week, is the Railway Operators Union of the State Railways of Thailand (SRT), under the leadership of Payung Manichote.

After he declared support for the railway strike, mechanics at major train junctions such as Bangsue, Hat Yai, Thung Song, Ubon Ratchathani, Uttaradit and Lampang laid down their tools.

Of all the more than 4,000 railway workers who joined the work stoppage, half of them are members of Railway Operators Union, one of the six unions in SRT. The union comprises engineers of locomotives and mechanics. As a result, all express train, long distance train and freight train services were halted, which affected passengers all over the country.

"The railway strike was the last measure which we could resort to in bargaining with the government. We just want the government to follow the decision made by the arbitration committee," he said.

Payung was born in a farming family in Thung Song District, Nakon Si Thammarat. He received his education at Kanasai Vithaye School, Thung Song. Besides working as a train engineer, he is also studying for a law degree at Sukhothai open university.

The young Payung began to work with SRT in 1972 as a general staff member, stationed in Thung Song District. However, he was later promoted to a Grade Two mechanic in 1978. A few years later, he was made First Class mechanic. It was only last year that he was assigned a new position as an engineer.

In 1980 Payung was named one of the committee members to supervise train operations. Last year, he was voted to the post of President of Railway Operators Union. "I was very proud to get the post because I received overwhelming votes from fellow workers. I am also the youngest president of the union," he said.

"As train engineers, they have a great responsibility over the life of passengers. It is a tough job," he said and added that the govern-

ment should concede to the railwaymen's demand.

He said the work stoppage affected the long-haul express and ordinary passenger services, but diesel train services were in service.

Payung said that in negotiating with the SRT administrative officials, the railway workers tried to be peaceful hoping that the strike would not last long so that everybody could return to work. "We are willing to return to work as soon as possible," he said.

During the strike, he declared that his union did not have any political demand such as Cabinet reshuffle, a change in government policy or constitution amendments. He disagreed with another group of employees who wanted to include the

controversial devaluation of the baht in their demands. Railwaymen in this group said they should be given additional income to offset the loss of value of their salaries following the baht devaluation.

"The demand for a Cabinet reshuffle is a political issue which is not the desire of locomotive workers. We will not be involved or take any responsibility in the political movement," he said.

Payung also said that there were many workers who were treated unfairly. "These people essentially work and fight for the day-to-day survival. No more, no less," he said.

Born on March 19, 1948, Payung is married to Usa Manant, with four children.

CSO: 4200/225

BRIEFS

NEPALESE KING, QUEEN STATE VISIT--King Birendra and Queen Aishwarya of Nepal arrived in Bangkok today on a 4-day state visit at the invitation of his majesty the king. Upon arrival at Dong Muang airport, the Nepalese royal couple were greeted by their majesties the king and queen of Thailand, and a welcome ceremony was held by the Bangkok Metropolitan Administration later in the afternoon at Phanfa bridge. The royal couple will be granted an audience with their majesties at Chitlada Villa, Dusit Palace, in the evening. A dinner in their honor will be hosted by their majesties at Chakri Mahaprasat Throne Hall in the Grand Palace. The visit is aimed at strengthening relations between the two countries. During their stay, the royal couple will visit the folk art center of the Foundation for Promotion of Supplementary Occupations and Related Techniques under the royal patronage of her majesty the queen at Bang Sai in Ayutthaya Province. Mahidon University will also bestow an honorary doctorate degree in public health in King Birendra tomorrow morning after which the government will host a party in their honor at Government House in the evening. [Text] [Bangkok Voice of Free Asia in English 1030 GMT 12 Dec 84 BK]

NEPALESE KING RECEIVES DEGREE--The government yesterday hosted a reception in honor of the visiting King Birendra and Queen Aishwarya of Nepal at the Government House. The function was also attended by HRH Crown Prince Wachiralongkon and senior government officials. Only Thai liquor and soft drinks were served during the reception last night in compliance with the government's buy-Thai policy. "Mountain Dew" was particularly chosen for the royal toast, according to Secretary General to the Premier Lt Gen Chantharakhup Sirisut. "The color of the soft drink looks all right and similar to that of champagne," he said. "we may use it for other occasions." After the reception, the Nepalese king and queen were accompanied by the Crown Prince to the Nepalese Embassy for dinner. Earlier in the day, King Birendra received an honorary degree in public health from Mahidon University and laid a wreath at the Victory Monument. [Text] [Bangkok THE NATION REVIEW in English 14 Dec 84 p 2 BK]

INTERIOR MINISTER DISPARAGES COUPS--"Coups d'etat are a thing of the past," Interior Minister Sitthi Chirarot said this morning. The interior minister said that he had been a soldier all his life and that staging a coup d'etat was "not a difficult task. It can be done today or tonight but the difficulty lies in what will happen afterwards...can the regime solve the country's problems?" General Sitthi asked. The general said further that he had

never taken part in any coup as he had no faith in them. "(Governments installed by) previous coups started with a good performance, but they ended poorly, the minister said. [No closing quote as published] General Sitthi told reporters that they should have not asked the prime minister about this rumor as General Prem was not a coup maker. Government Spokesman Dr Trairong Suwannakhiri also told reporters yesterday that the government did not know where the rumor about a possible coup had come from and what the intention behind this rumor had been. He also made an official statement denying a rumored Cabinet reshuffle. Dr Trairong also denied that the government had said that it was going to study the effects of the devaluation for a three-month period, adding that no country in the world could possibly draw a conclusion on the effects of devaluation over such a short period. [Text] [Bangkok BANGKOK WORLD in English 12 Dec 84 p 32 BK]

MINIMUM WAGE INCREASE APPROVED--The Tripartite Wage Committee unanimously voted yesterday to increase the daily minimum wage by four baht, or from 66 to 70 baht, for workers in Bangkok and outlying zones and by 2-3 baht for those in other provinces, beginning January 1, 1985. Chairman of the committee, Mr Niyom Purakam, said the decision was reached following a thorough study on the cost of living, price index, the employers' financial capability, the impact of the baht devaluation and employment and investment situation. [Excerpt] [Bangkok THE NATION REVIEW in English 14 Dec 84 p 4 BK]

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